



*Chartered Insurance
Institute of Nigeria*

Chief Examiners' Report

October 2020

Certificate in Insurance (C71 - C77)

GENERAL RELATED ISSUES TO WATCH OUT FOR IN FUTURE SITTINGS

DO'S	DON'TS
Start studying for the next diet early (from November/December for April diets and May for October diets)	Concentrate all your time and effort on Part 1 @ the detriments of Parts B & C (Diploma & Advanced)
Start each question on a fresh page	Write after invigilators have declared "time-up"
Read and follow instructions clearly (ensure you download and read the "students' instructions" from the website)	Write your name on any part of the answer scripts
Master the tricks of answering questions intelligently by following tips learnt before the exams and concentrating on questions that would fetch you more marks.	Nurture fear on any subject. There is no subject that distinction cannot be obtained.
Attend the Annual Students' Forum	Avoid the Annual Students' Forum
<p>CANDIDATES SHOULD VISIT & UNDERSTAND THE CONTENTS, REGULATIONS AND GUIDELINES/MARKET AGREEMENTS ETC ON THE FOLLOWING SITES naicom.com (NAICOM), nigeriainsurers.org (NIA); ncrib.net (NCRIB); nigeriaallan.com (ILAN); clinigeria.com (CIIN)</p>	
<p>INFRACTIONS ON ANY OF THE INSTRUCTIONS COULD LEAD TO STIFF SANCTIONS. DO NOT BE A CULPIT. ANY CANDIDATE CAUGHT AND/OR FOUND TO BE CHEATING/HAVE CHEATED, WILL BE BARRED FROM PARTICIPATING IN ANY OF THE INSTITUTE'S EXAMINATION ACTIVITY FOR TWO (2) YEARS AND THE EMPLOYER WILL BE DULY INFORMED OF ANY SUCH INCIDENCE(S).</p>	
<p>STOP WORKING HARD TO FAIL!!! START WORKING EFFORTLESSLY TO PASS OUTSTANDINGLY!!!</p>	

CF1

CHARTERED INSURANCE INSTITUTE OF NIGERIA

CERTIFICATE IN INSURANCE
CF1 - INSURANCE, LEGAL AND REGULATORY
YEAR 2020 SECOND DIET

LOGO

All answers should be shaded on the answer form in accordance with the following instructions:

- ✚ Two hours are allowed for this paper
- ✚ Fill in the information requested on the answer form and on form B.
- ✚ Handle the answer form with care and do not write notes on it.
- ✚ No marks are deducted for incorrect answers, so do not leave any questions unanswered.
- ✚ The answer form should be handed over personally by you to the invigilator before you leave the Examination Hall.
- ✚ Insert your candidate's number as given on your admission permit and any other particulars required on the answer form.
- ✚ Ensure that you write the full and correct candidate's number.
- ✚ If you bring a calculator into the examination room, it must be silent battery or solar powered non-programmable calculator. The use of programmable calculators are prohibited.
- ✚ No name should be written on the answer form.

FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL) WILL ATTRACT STATED SANCTIONS AS STATED IN THE OCTOBER 2020 DIET CANDIDATES' INSTRUCTIONS.

CHARTERED INSURANCE INSTITUTE OF NIGERIA
CERTIFICATE IN INSURANCE
CF1 - INSURANCE, LEGAL AND REGULATORY

INSTRUCTIONS TO CANDIDATES

READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTIONS

The questions in this paper are numbered and four options follow each question. The options are labeled a,b,c,d. Only one of these options is correct. Select your answer for each question and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark.

Example:

A comprehensive motor insurance policy would provide cover for:

- (a) Accidental damage to the vehicle
- (b) Wear and tear and depreciation
- (c) Mechanical and electrical failure or breakdown
- (d) Damage to tyres caused by road punctures or burst

The correct option is (a).

ATTEMPT ALL QUESTIONS

1. The range of activities that are outsourced varies greatly from one insurer to another insurer and one of these cannot be outsourced.
 - (a) Claims functions
 - (b) Quotation
 - (c) Accounting functions
 - (d) None of the above
2. Which of these does not need reinsurance protection?
 - (a) Reinsurance companies
 - (b) Lloyd's syndicates
 - (c) Reinsurance broker
 - (d) Insurance companies
3. Which of these cannot serve as a reinsurer?
 - (a) Reinsurance companies
 - (b) Lloyd's syndicates
 - (c) Reinsurance broker
 - (d) Insurance companies
4. The right of an insurer, following payment of a claim, to take over the insured's right to recover payment from a third party responsible for the loss is?
 - (a) Contribution
 - (b) Subrogation
 - (c) Indemnity
 - (d) Proximate cause
5. Subrogation right does not arise from
 - a) subject matter of insurance
 - (b) utmost good fault
 - (c) statute
 - (d) contract
6. An insurer pays ₦10,000.00 and allows the insured to retain the salvage valued at ₦1,000.00. In settlement for a claim for damage caused by a negligent third party. How much can the insurer claim from the third party when exercising its subrogation rights?
 - (a) ₦1,000.00
 - (b) ₦9,000.00
 - (c) ₦10,000.00
 - (d) ₦11,000.00
7. "The policy shall not apply in respect of any claim where the insured is entitled to indemnity under other insurance." This is an example of
 - (a) reinstatement agreement
 - (b) market agreement
 - (c) more specific insurance clause
 - (d) non-contribution clause
8. At Lloyd's, the names are grouped together into
 - (a) underwriters
 - (b) managing agent
 - (c) member agent
 - (d) syndicates
9. In motor claims handling, the term construction arises in circumstances of the vehicle experiencing

- (a) betterment
 (b) enhancement
 (c) new for old
 (d) excellent refurbishment
10. In the event of a dispute regarding indemnity, a portion of the policy directs on the steps to be taken. What is this called?
 (a) General condition
 (b) Dispute resolving condition
 (c) Arbitration condition
 (d) Ombudsman condition
11. As well as placing the risk, many independent intermediaries will be involved in some or all of the following activities except:
 (a) risk management
 (b) risk sharing
 (c) recovery of uninsured losses
 (d) reviewing clients' needs
12. Who is an appointed representative?
 (a) An individual or a company appointed by an "authorised person" under the terms of a contract.
 (b) An individual or a company
 (c) Insurance broking firm registered to act as Lloyd's broker
 (d) All of the above
13. In insurance terms, the marketing process which involves making decisions on products, price, promotion and place is referred to as -----
 (a) insurance mix
 (b) distribution channel
 (c) marketing mix
 (d) advertising channel
14. The purpose of reinsurance does not include:
 (a) to smooth peaks and troughs in claims experience
 (b) to improvise the portfolio
 (c) to provide improved customer service
 (d) to provide support for insurers entering new areas of business
15. A policy has an excess of ₦2,000.00 and the insured suffers a loss of ₦1,500.00. How much will the insurer pay the insured?
 (a) ₦0.00
 (b) ₦1,500.00
 (c) ₦2,000.00
 (d) ₦3,500.00
16. One of these is not a form of health insurance.
 (a) Life insurance
 (b) Personal accident
 (c) Sickness insurance
 (d) Medical expenses insurance

17. There are many situations where double insurance exists, but these does not include:
- An "all risk" policy and travel insurance
 - Fire insurance and theft insurance
 - Specific warehouse stock policy and "floating" stock policy
 - Household content policy and personal effect section of motor insurance
18. At common law, which of these must exist for contribution to take place?
- Two or more policies of indemnity must exist
 - The policies must cover a common interest
 - The policies must cover a common peril
 - All of the above
19. The case of North British and Mercantile v. Liverpool and London and Globe (1877) has to do with ...
- common interest
 - common peril
 - common subject matter
 - common contribution
20. Musa's cottage is valued at ₦100,000.00 and is covered by two fire insurance policies with identical terms and conditions. The first policy has a sum insured of ₦50,000.00 and the second policy has a sum insured of ₦100,000.00. A fire causes damage costing ₦60,000.00 to repair. Under the principle of contribution, what maximum payment will Musa receive from the first policy?
- ₦20,000.00
 - ₦50,000.00
 - ₦60,000.00
 - ₦100,000.00
21. The financial compensation sufficient to place the insured in the same financial position after the loss as was enjoyed immediately before the loss occurred is known as ...
- insurable interest
 - indemnity
 - subrogation
 - contribution
22. The option available to an insurer in providing financial compensation does not include
- cash payment
 - repair
 - retribution
 - reinstatement
23. The growing trend of using insurer's nominated retailers provide several benefits to insurers which do not include:
- there are no discounts at all
 - an occasion using the replacement option can prevent or act to minimize fraudulent claims

- (c) there is a customer service aspect that is provided to the insured by using quality retailers
- (d) none of the above
24. Roy effects two personal accident policies. The first policy provides ~~₦~~25,000.00 cover for loss of limb. The second policy provides ~~₦~~30,000.00 cover for loss of limb. What is the total amount that Roy will receive in the event of a valid loss of limb claim?
- (a) ~~₦~~25,000.00
- (b) ~~₦~~27,000.00
- (c) ~~₦~~30,000.00
- (d) ~~₦~~55,000.00
25. Mr. Adekoya's garage buildings are valued at ~~₦~~200,000.00 and insured for ~~₦~~150,000.00 under a policy which is subject to average. If he suffers a loss of ~~₦~~50,000.00, how much will his insurer pay?
- (a) ~~₦~~12,000.00
- (b) ~~₦~~33,333.00
- (c) ~~₦~~37,500.00
- (d) ~~₦~~50,000.00
26. Risk management is important for a number of risks that does not include:
- a) reducing the potential loss by identifying and managing hazards
- b) giving shareholders a greater degree of confidence in companies' ability to manage its risks
- (c) providing a disciplined approach to quantifying risks
- (d) none of the above
27. The definition of risks management identifies the three steps involved in managing the risks, which does not include:
- (a) risk identification
- (b) risk position
- (c) risk analysis
- (d) risk control
28. Risk sharing is key in insurance business and an example of such is:
- (a) indemnity
- (b) subrogation
- (c) co-insurance
- (d) under insurance
29. A small fixed sum retained by the insured is called:
- (a) sum insured
- (b) excess
- (c) retrocession
- (d) co-insurance
30. Choose the option most appropriate. The duty of utmost good faith
- (a) ceases immediately cover is incepted and policy delivered
- (b) ceases at every renewal
- (c) continues until the proposal turns to a valid contract

- (d) continue throughout the duration of the policy
31. Where there are two or more policies in force which cover the same risk, this is called ...
- reinsurance
 - self insurance
 - dual insurance
 - retrocession
32. Julie falls from her horse and is injured. She is taken to hospital where she dies due to an infection caught at the hospital. What is the proximate cause for her death?
- The fall from her death
 - The infection
 - Riding her horse
 - Her stay in the hospital
33. Insurable interest in life insurance must exist at:
- inception
 - during the currency of policy
 - at the time of death
 - at the time of claim
34. The extent of insurable interest of a person owned money by another person is
- any amount he likes
 - any amount in a valuable property
 - the amount of debt
 - none of the above
35. A peril can be defined as that which
- influences the operation of risk
 - influences the operation of a hazard
 - gives rises to a premium
 - gives rise to a loss
36. Moral hazard arises from the attitude of people and does not include:
- security protection to shop
 - carelessness
 - dishonesty
 - social attitudes
37. The primary function of insurance is
- investment
 - loss prevention
 - risk transfer
 - invisible earnings
38. By operating a pool of risks system, the law of large number assists insurers in making
- reliable claim payments predictions
 - reliable investments return predictions
 - reliable new business predictions
 - reliable premium income predictions
39. Insurance brings many benefits to policyholders and to society as a whole which does not include:

- (a) it releases capital within companies that can be used in the business
- (b) enterprises are encouraged to start or expand
- (c) employees are not kept at work
- (d) losses are reduced in size and number
40. The term risk implies
- (a) something that we do want to happen
- (b) something that we do not want to happen
- (c) something that should happen to us
- (d) all of the above
41. Risk is categorized in different ways which do not include
- (a) financial and non-financial
- (b) pure and speculative
- (c) natural and unnatural
- (d) particular and fundamental
42. For a risk to be insurable, the outcome of the adverse events must be capable of measurement in -----
- (a) physical terms
- (b) spiritual terms
- (c) profitable terms
- (d) financial terms
43. Pure risks are crucial to human existence and one of these is not an example of pure risk.
- (a) Trade risk
- (b) Risk of fire
- (c) Risk of machinery breakdown
- (d) Risk of injury
44. Not all risks are insurable. For a risk to be insurable, it must be such that:
- (a) the event insured against must be certain
- (b) there must not be insurable interest
- (c) the risk insured must not be against public policy
- (d) none of the above
45. Which of these is an insurable risk?
- (a) Non-financial risk
- (b) Speculative risk
- (c) Fortuitous risk
- (d) One-offs (generally)
46. There are various components of risks which does not include
- (a) deliberate act
- (b) uncertainty
- (c) level of risk
- (d) peril and hazard
47. The standard fire policy covers
- (a) tempest
- (b) lightning
- (c) earthquake
- (d) flood
48. What is meant by *consensus ad idem*?
- (a) Not meeting of terms

- (b) Genuine meeting of minds
(c) Law of large number
(d) Utmost good faith
49. What is ratification?
(a) Where the agent acts within his power
(b) Where the agent acted against the provision of the court and the court allows it
(c) Where the agent acted outside the term of the agency but the principal accepted such act
(d) None of the above
50. Which of these is true?
(a) There is a universally recognised definition of risk
(b) Experts have agreed as to the meaning of risk
(c) Risk is not relevant to the study of insurance
(d) There is no universally recognised definition of risk
51. The term risk means all of these except:
(a) The impossibility of an unfortunate event
(b) Doubt concerning the outcome of a situation
(c) Unpredictability
(d) The possibility of a loss
52. In which of these is an insurer not precluded from exercising subrogation right?
(a) Insured does not have a right
(b) Benefit policies
(c) Subrogation waiver
(d) None of the above
53. One of the main reasons of compulsory insurance is to:
(a) provide funds for compensation
(b) transfer risks
(c) create a pool for all risks
(d) charge equitable premium
54. Which of these is not a compulsory insurance in Nigeria?
(a) Motor insurance
(b) Professional indemnity for brokers
(c) Money insurance
(d) Building with more than two floors under construction insurance
55. The current law governing insurance practice in Nigeria is
(a) Insurance Act 1997
(b) Insurance Act 2003
(c) Insurance Act 2007
(d) Insurance Act 2010
56. A broker practicing in Nigeria must be registered with
(a) ILAN
(b) PRAN
(c) NIA
(d) NCRIB

57. The loss assessor is appointed by the
- (a) broker
 - (b) insurer
 - (c) insured
 - (d) reinsurer
58. Which of these is also known as a cedant?
- (a) broker
 - (b) insurer
 - (c) insured
 - (d) reinsurer
59. The reinsured refers to
- (a) broker
 - (b) insurer
 - (c) insured
 - (d) reinsurer
60. A businessman in Nigeria has 50 workers making overalls in a factory. What insurance must he have by law?
- (a) Business interruption
 - (b) Employees compensation
 - (c) Product liability
 - (d) Public liability
61. The scope of FSMA does not cover
- (a) deposit taking
 - (b) stocks and shares
 - (c) debentures
 - (d) tourism
62. The CIIN activities are extensive but exclude:
- (a) setting a high standard for members in its code of conduct
 - (b) promoting professional growth
 - (c) training in technical subjects
 - (d) providing underwriting services
63. Which of these is not an intermediary in the Nigerian insurance market?
- (a) Consultants
 - (b) Agents
 - (c) Brokers
 - (d) Loss Adjusters
64. The relationship between the principal and agent cannot arise from
- (a) consent
 - (b) payment
 - (c) necessity
 - (d) undisclosed principal rule
65. The role of claim personnel is
- (a) issuing of motor or other cover notes to give evidence of cover
 - (b) dealing quickly and fairly with all claims submitted
 - (c) deciding the best market in which to place the risk
 - (d) committing the insurer to cover the risk
66. The loss adjuster is appointed by the
- (a) intermediary
 - (b) insurer
 - (c) insured
 - (d) regulator
67. A professionally qualified person who applies probability

- and statistical theory to problems of insurance is a/an...
- (a) underwriter
 - (b) loss assessor
 - (c) loss adjuster
 - (d) actuary
68. The insurance market does not include
- (a) insured
 - (b) broker
 - (c) reinsurers
 - (d) none of the above
69. Which of these is a prominent seller of insurance in Nigeria?
- (a) Proprietary companies
 - (b) Mutual companies
 - (c) Captives
 - (d) Lloyds
70. There are a number of reasons for outsourcing which does not include:
- (a) it may not be cost effective
 - (b) reduction in the need for continuous training of staff
 - (c) a specialist function may be more comprehensively carried out by outsourcing
 - (d) for areas subject to continuous change or development
71. An agreement must satisfy certain criteria to ensure that a valid and enforceable contract is formed. One of these is not an element of a valid contract:
- (a) Intent to create legal relations
 - (b) Capacity to contract
 - (c) vis major
 - (d) Legality of purpose
72. In postal acceptance the letter is delayed, lost or destroyed, the position of Household Fire Insurance Co v. Grant (1879) is that:
- (a) there is no contract
 - (b) a valid contract has been made
 - (c) the contract will only be made when the offer is received
 - (d) none of the above
73. Jane offers to supply filing cabinets to John who accepts the offer. What further action is required in order that a legally enforceable contract exists between them?
- (a) The terms of their agreement need to be in writing
 - (b) Another person needs to witness the agreement
 - (c) The filing cabinet needs to be delivered to John
 - (d) John needs to agree to pay Jane for the filing cabinets
74. One who is authorized by a principal to bring that principal

- into contractual relationship with another party is:
- (a) underwriter
 - (b) surveyor
 - (c) agent
 - (d) Manager
75. The insurance intermediary is saddled with some specific functions that does not include:
- (a) issuing of motor or other cover notes to give evidence of cover
 - (b) dealing quickly and fairly with all claims submitted
 - (c) deciding the best market in which to place the risk
 - (d) committing the insurer to cover the risk
76. An insurance broker recommends and arranges an insurance policy for the client and collects the premium for the insurer. The broker subsequently advises the client on how to make a claim. At what point in the scenario is the insurer the broker's principal?
- (a) recommendation of the policy
 - (b) arrangement of the policy
 - (c) collection of the premium
 - (d) advising of the claims
77. An agent has all the following duties to his principal except:
- (a) obedience
 - (b) performance
 - (c) payment of salary
 - (d) good faith
78. An agency may be terminated except through
- (a) mutual agreement
 - (b) payment
 - (c) agency being withdrawn
 - (d) death, bankruptcy or insanity of either party
79. Which of these is not a feature of insurable interest?
- (a) subject matter
 - (b) contribution
 - (c) legal relationship
 - (d) financial value
80. Insurable interest in marine insurance should exist at the time of
- (a) proposal
 - (b) negotiation
 - (c) loss
 - (d) throughout
81. Insurable interest in motor insurance should exist at the time of
- (a) inception
 - (b) loss
 - (c) both at inception and loss
 - (d) claim alone
82. Bailees' and Tenants' insurable interest are in respect of
- (a) criminal charges
 - (b) credits deposits
 - (c) possible liability
 - (d) none of the above
83. A positive duty to voluntarily disclosed, accurately and fully, all facts material to the risk being

- proposed, whether requested or not is:
- (a) material fact
 - (b) duty of disclosure
 - (c) utmost good faith
 - (d) misrepresentation
84. To who does the principle of utmost good fault apply in a contract of insurance?
- (a) The proposer only
 - (b) The insurer only
 - (c) Both the insurer and the proposer
 - (d) Any interested party
85. The physical hazard with regard to the nature of stock, its value and nature of security precautions is found in:
- (a) fire insurance
 - (b) theft insurance
 - (c) motor insurance
 - (d) engineering insurance
86. Facts that do not need to be disclosed will exclude:
- a) facts that increases the risk
 - b) facts of law
 - c) facts of public knowledge
 - d) facts that the insured did not know
87. When considering a proposal for a fire insurance on a property, what fact is not normally considered to be material?
- (a) Default of any mortgage secured on the property
 - (b) The materials used to construct the building
 - (c) The purpose for which the building will be used
 - (d) Whether or not the risk premises are under the sole occupation of the proposer
88. Each time a change is required, the leading office issues _____ to each co-insurer advising them of the proposed changes and requesting their agreement
- (a) closing instructions
 - (b) signing slips
 - (c) policy form
 - (d) excess
89. Where there are two or more policies in force which cover the same risk, this is called?
- (a) Reinsurance
 - (b) Self-insurance
 - (c) Dual insurance
 - (d) Retrocession
90. Which of these is not money in insurance underwriting?
- (a) Luncheon voucher
 - (b) Coins
 - (c) National health insurance
 - (d) Lottery ticket
91. _____ covers explosion, breakdown or accidental damage to plant.
- (a) General accident insurance

- (b) Engineering/breakdown insurance
(c) Fire insurance
(d) Glass insurance
92. Which of these will cover the risk of dishonesty of employees?
(a) Pecuniary insurance
(b) Fidelity guarantee
(c) Business interruption
(d) Money insurance
93. _____ implies the "faithful or loyal performance of duty"
(a) Pecuniary insurance
(b) Fidelity guarantee
(c) Business interruption
(d) Money insurance
94. Which of these is the most significant compulsory insurance in Nigeria.
(a) Workmen compensation
(b) Public liability
(c) Motor insurance
(d) Professional indemnity
95. Which of these is not a form of liability insurance?
(a) Employers' Liability
(b) Public liability
(c) Professional indemnity
(d) None of the above
96. An insurance policy that brings together a member of different types of cover is known as combined or packaged policies. One of these is not an example of such:
(a) Household
- (b) Fire
(c) Travel
(d) Commercial packages
97. Insurance cover can usually be purchased in Nigeria to protect against
(a) an investment loss on the stock market
(b) dishonesty of an employee
(c) failure of a business venture
(d) war damage to domestic property
98. The underwriter plays a crucial role in the insurance business which does not include
(a) assess the risk people bring to the pool
(b) decide whether to accept the risk or not
(c) pay the insurance premium
(d) calculate the suitable premium to cover expected claim
99. An underwriter is ...
(a) a Lloyd's underwriter
(b) a person employed by an insurance company to assess risk
(c) an insurance company
(d) all of the above
100. The regulator of insurance in Nigeria is
(a) NIA
(b) NAICOM
(c) PenCom
(d) NSTIF

CF1 - INSURANCE LEGAL AND REGULATORY									
1	D	21	B	41	C	61	D	81	C
2	C	22	C	42	D	62	D	82	B
3	C	23	A	43	A	63	A	83	C
4	B	24	D	44	C	64	D	84	C
5	B	25	C	45	C	65	B	85	B
6	C	26	D	46	A	66	B	86	A
7	D	27	B	47	B	67	D	87	A
8	D	28	C	48	B	68	D	88	A
9	A	29	B	49	C	69	A	89	C
10	C	30	D	50	D	70	A	90	D
11	B	31	C	51	A	71	C	91	B
12	A	32	B	52	D	72	B	92	B
13	C	33	A	53	A	73	D	93	B
14	B	34	C	54	C	74	C	94	C
15	A	35	D	55	B	75	B	95	D
16	A	36	A	56	D	76	C	96	C
17	B	37	C	57	C	77	C	97	B
18	D	38	A	58	B	78	B	98	C
19	A	39	C	59	B	79	B	99	D
20	A	40	B	60	B	80	C	100	B

Chief Examiner's Summarised Statistics

Pass Rate: 79.63%

Highest Score: 94%

Lowest Score: 39%

Average Score: 80.45%

Breakdown Updates

The overall performance is high making it difficult to identify common errors by candidates that failed. This means that those who failed did not prepare adequately for the paper.

A total of 216 candidates sat the examination with 79.63% or 172 candidates passing the paper. This is a very good performance by the candidates.

Chief Examiner's Comment on Overall Performance

A very good performance.

Chief Examiner's Suggestions on Improvement

None.

CF2

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CF2 – GENERAL INSURANCE BUSINESS

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Questions 61 – 100 are to be answered as either True (T) or False (F). Select your chosen option and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark.

Example:

A comprehensive motor insurance policy would provide cover for:

- (a) Accidental damage to the vehicle
- (b) Wear and tear and depreciation
- (c) Mechanical and electrical failure or breakdown
- (d) Damage to tyres caused by road punctures or burst

The correct option is (a).

OR

A comprehensive motor insurance policy would provide cover for all types of accidental damages without any exclusion (True or False).

The correct option is False (F).

ATTEMPT ALL QUESTIONS

1. The insured has many duties after an insured loss occurs in connection with property insurance. Which of these is not one of them?
 - (a) At the insured's expense, provide all information and assistance to the insurer
 - (b) Notify the insurer of the loss as soon as possible
 - (c) Remove all damaged property immediately
 - (d) Take reasonable steps to minimize the loss
2. Which of these options will the insured be indemnified with the option of 'new for old' following a loss?
 - (a) Cash payment
 - (b) Repairs
 - (c) Restoration
 - (d) Reinstatement
3. Which of these are corollaries of indemnity?
 - (a) Contribution and insurable interest
 - (b) Proximate cause and subrogation
 - (c) Utmost good faith and subrogation
 - (d) Contribution and subrogation
4. In the event of a claim, the onus of proof is on the ____
 - (a) insurer
 - (b) insured
 - (c) reinsurer
 - (d) broker
5. The loss adjuster is an expert appointed by the _____
 - (a) Broker
 - (b) Insurer
 - (c) Third party
 - (d) Insured
6. The maximum number of days of grace granted in a standard insurance contract is _____
 - (a) 5 days
 - (b) 15 days
 - (c) 30 days
 - (d) 50 days
7. The document used in making an alteration in a policy is called _____
 - (a) renewal notice
 - (b) endorsement
 - (c) proposal form
 - (d) cover note

8. _____ are used to define the extent of policy cover.
- (a) Policy exclusion
 - (b) Policy schedule
 - (c) Recital clause
 - (d) Policy operative
9. A public liability policy contains a condition precedent to liability concerning precautions to be taken when using cutting torches. In the event of a claim for damage arising out of the use of cutting torches, if the insured has specifically failed to comply with this condition, then the insurer will normally _____
- (a) cancel the policy
 - (b) offer part payment
 - (c) settle and sue the insured for recovery
 - (d) decline to admit liability on the claim
10. _____ are used to introduce the parties to the contract in a policy.
- (a) Policy exclusions
 - (b) Policy schedule
 - (c) Recital clause
 - (d) Proposal form
11. Specific items in a household insurance will not include ____
- (a) television
 - (b) jewelry
 - (c) furs
 - (d) photographic equipment
12. Which of these is an optional extension in a travel insurance?
- (a) Additional hotel/ Travelling expenses
 - (b) Loss of deposits
 - (c) Legal expenses
 - (d) Personal liability
13. Jide's travel insurance provides cover under all available sections of cover for him and his family? Which of the following occurrence can he not claim for under his policy?
- (a) Loss of his daughter's limb while on holiday
 - (b) Loss of his wife's jewelry on holiday
 - (c) Medical expenses for him while on holiday
 - (d) Theft from home while away on holiday
14. An insurance document which brings together fire, special perils, theft, business interruption, money insurance and other types of insurance for a small business in a single contract is known as ...

- (a) an all risk policy
 (b) an open cover
 (c) a trader's combined policy
 (d) a collective policy
15. Subterranean fire is an example of _____
 (a) perils of a chemical type
 (b) social perils
 (c) perils of nature
 (d) miscellaneous perils
16. Aircraft is an example of _____
 (a) perils of a chemical type
 (b) social perils
 (c) perils of nature
 (d) miscellaneous perils
17. Malicious person is an example of _____
 (a) perils of a chemical type
 (b) social perils
 (c) perils of nature
 (d) miscellaneous perils
18. What is the main difference between a WAN and a LAN?
 (a) WANs operate at faster speed than LANs
 (b) WANs operate across greater distances than LANs
 (c) WANs operate through the internet and LANs are stand alone
 (d) WANs operate through a server and LANs through a maintenance
19. The first amount of each and every claim that the insured must bear is called the _____
 (a) premium
 (b) commission
 (c) excess
 (d) franchise
20. The movement of the land on which premises stand due to movements, fall or changes in undergrounds workings, such as coal mines, e.t.c, is called _____
 (a) subsidence
 (b) ground heave
 (c) landslide
 (d) earthquake
21. The aim of customer service policies that is introduced by the insurers should not be to _____
 (a) attract new customers
 (b) make the insurer more competitive
 (c) promote customer loyalty
 (d) reduce the number of claims from customers
22. Conditions that may give rise to contribution in a contract of indemnity include the following, except _____

- (a) each policy must be liable for the loss
 (b) existence of two or more policies of indemnity
 (c) one out of those policies must cover a different peril
 (d) policies must cover common subject matter of insurance
23. Which of this level of cover in motor insurance is compulsory in law?
 (a) Road Traffic Act only
 (b) Third party only
 (c) Third party, fire and theft
 (d) Comprehensive
24. Under a third party only motorcycle policy, what cover is provided as standard?
 (a) Damage to clothing and personal effects
 (b) Emergency treatment fees
 (c) Medical expenses
 (d) Personal accident benefits
25. Goods carried in a motor vehicle is covered under _____
 (a) motor third party insurance
 (b) all risks insurance
 (c) motor comprehensive insurance
 (d) goods in transit policy
26. Which of these will provide cover for individuals who seek medical treatment outside the NHS?
 (a) Personal accident and sickness insurance
 (b) Sickness insurance
 (c) Medical expenses insurance
 (d) Personal accident insurance
27. Lock-out workers is an example of _____
 (a) perils of chemical nature
 (b) social perils
 (c) perils of nature
 (d) miscellaneous perils
28. Which of these policies will cover loss of booking profits?
 (a) Fidelity guarantee insurance
 (b) Money insurance
 (c) Business interruption insurance
 (d) Fire and special perils insurance
29. An insurance policy taken by experts to cover their negligent acts to their clients is _____
 (a) Fidelity guarantee insurance
 (b) Public liability insurance
 (c) Professional indemnity insurance

- (d) Employers' liability insurance
30. Which of these is not an exclusion in a household insurance?
- (a) Property more specifically insured
 - (b) Kitchen utensils
 - (c) Medals and coins
 - (d) Livestock
31. Which of the following do not form part of the standard cover that is provided under a comprehensive private motor insurance policy?
- (a) Accidental damage to the insured vehicle
 - (b) Driver's personal accident benefit
 - (c) Recovery of a vehicle after breakdown
 - (d) Recovery of a vehicle to a repairer after an accident
32. The standard fire policy covers _____
- (a) storm
 - (b) tempest
 - (c) flood
 - (d) lightning
33. If an excess of ~~₦~~250.00 applies to a policy, how much would the insurer pay in the event of a loss of ~~₦~~235.00?
- (a) ~~₦~~0.00
 - (b) ~~₦~~15.00
 - (c) ~~₦~~235.00
 - (d) ~~₦~~250.00
34. _____ is accidental escape of water from any automatic sprinkler installation.
- (a) Flood
 - (b) Tempest
 - (c) Subsidence
 - (d) Sprinkler leakage
35. For theft of shop stock to be covered under a standard theft policy, there would only usually need to be
- (a) forcible and violent entry or exit
 - (b) forcible and violent entry or exist
 - (c) forcible or violent entry or exist
 - (d) forcible or violent entry and exist
36. Assume that a money policy has a limit of ~~₦~~500.00 in respect of money left out of the safe on the insured's premises overnight. How much would the insurers pay in the event of a loss of ~~₦~~600.00?
- (a) ~~₦~~100.00
 - (b) ~~₦~~500.00
 - (c) ~~₦~~600.00
 - (d) ~~₦~~1,100.00

37. What does the definition of money under a standard money policy exclude?
- (a) Bank and currency notes
 - (b) Lottery tickets
 - (c) Luncheon vouchers
 - (d) Postage stamps
38. Under a typical legal expenses policy, what limit of cover, if any, usually applies within the period of cover?
- (a) Cover is usually unlimited
 - (b) Overall cover is usually limited but there is no further limit per claim
 - (c) Overall cover is usually unlimited but there is a limit per claim
 - (d) Overall cover is usually limited and there is also a limit per claim
39. In which of the policies will you see indemnity period?
- (a) Business interruption
 - (b) Theft insurance
 - (c) Fidelity insurance
 - (d) Money insurance
40. Which of these policies will cover the risk of dishonesty of an employee?
- (a) Business interruption
 - (b) Theft insurance
 - (c) Fidelity insurance
 - (d) Money insurance
41. Which of these will cover liability to third parties?
- (a) Employers liability insurance
 - (b) Fidelity guarantee insurance
 - (c) Directors' and officers' insurance
 - (d) Public liability insurance
42. The trade association for loss adjusters in Nigeria is _____
- (a) NIA
 - (b) NAICOM
 - (c) ILAN
 - (d) NCRIB
43. Which of these is a fact to be disclosed while proposing a risk for cover?
- (a) Fact of law
 - (b) Fact that increases the risk
 - (c) Fact of public knowledge
 - (d) Fact where the insurer has waived its right
44. Security features are example of physical hazard in _____
- a. fire insurance
 - b. theft insurance
 - c. motor insurance
 - d. employers' liability

45. Nature of construction of the building is an example of physical hazard in _____
- (a) personal accident insurance
 - (b) theft insurance
 - (c) motor insurance
 - (d) employers' liability
46. Guarding of machinery is an example of physical hazard in _____
- (a) sickness insurance
 - (b) theft insurance
 - (c) motor insurance
 - (d) employers' liability
47. Which of these is not an example of general questions in proposal forms?
- (a) Drivers' age
 - (b) Proposers' home
 - (c) Details of previous claims
 - (d) Proposers' address
48. Proposal forms are used by underwriters as a means of obtaining material facts because it _____
- (a) majorly is a NIA regulation requirement
 - (b) is convenient and cost effective
 - (c) prevents misrepresentation by the proposer
 - (d) provides an opportunity for collecting product design information
49. The basis of an insurance contract is the _____
- (a) proposal form
 - (b) policy document
 - (c) endorsement
 - (d) renewal notice
50. The evidence of the insurance contract is the _____
- (a) proposal form
 - (b) policy document
 - (c) endorsement
 - (d) renewal notice
51. A to Z manufacturing company's turnover is ₦28,000,000.00 per year. Beewise Insurance Company offers products liability insurance for a limit of indemnity of ₦2,000,000.00 at a sale of 0.5 per mille on turnover. Then the premium payable is ...
- (a) ₦14,000.00
 - (b) ₦140,000.00
 - (c) ₦1,400,000.00
 - (d) ₦2,000,000.00
52. In relation to an employer's liability insurance policy, what is likely to form the premium basis, to be used to establish the premium to be paid?
- (a) Sales receipt
 - (b) Sum insured

- (c) Total salary bill
(d) Turnover
53. Which of these is not in a certificate of insurance?
(a) Name of policyholder
(b) Address of policy holder
(c) Expiry date
(d) Limitations as to use
54. Which of these is not found in a policy?
(a) Declaration
(b) Heading
(c) Signature
(d) Exceptions
55. Which of these sets the scene for what follows in the policy by referring to the parties to the contract?
(a) Heading
(b) Recital clause
(c) Signature
(d) Operative clause
56. The personal details of the insured in the policy is contained in the _____
(a) recital clause
(b) conditions
(c) exclusions
(d) policy schedule
57. Implied conditions are commonly found in
(a) theft insurance
(b) fidelity guarantee
- (c) marine insurance
(d) money insurance
58. Resolution of disputes among the parties to the contract is the focus of _____
(a) average
(b) subrogation
(c) arbitration
(d) cancellation
59. _____ is essentially a promise made by the insured relating to facts or performance concerning the risk
a. Conditions
b. Warranties
c. Excess
d. Franchise
60. A franchise is a policy term whereby _____
(a) the insured always pay an agreed amount towards a claim
(b) the insured never has to contribute towards a claim
(c) the insurer pays the full value of any claim under an agreed amount
(d) the insurer pays the full value of any claim which exceeds an agreed amount

Answer True (T) or False (F) to the following questions from 61 to 100

61. Global network link machine anywhere in the world via the world wide web.
62. NIA is the regulator of the Nigerian Insurance Industry.
63. Road Traffic Act only covers losses of own damage risk.
64. Breakage of glass is included as standard in a motor insurance comprehensive policy.
65. Permanent partial disablement is not a benefit under the personal accident insurance.
66. Sickness insurance generally excludes sickness contracted within the 21 days of the commencement of the policy period.
67. Medical expenses policy will pay when the insured is unable to work due to illness.
68. The cover for falling trees or branches in household insurance excludes damage to walls, gates, fences or hedges.
69. Impact risk can arise from a motor vehicle or an apprentice.
70. Single article limit is found in fidelity guarantee insurance.
71. Loss as a result of insects or vermin is covered by an 'all-risks' insurance.
72. Bicycles are covered on an 'all risk' basis.
73. The standard fire policy will cover losses caused by storm and tempest.
74. Escape of water from leaking automatic sprinkler is covered by the special peril insurance.
75. Uncertainty of loss is not restricted to events brought about by fire and special perils, nor is it limited to events occurring on or about the insured's premises.
76. Collusion risk in theft insurance cannot be a 'buy-back'.
77. Money in transit or being carried by the insured or their employees is not covered by the money insurance policy.

78. In money insurance, loss due to error or omission in accounting/counting/book keeping is not covered.
79. The definition of indemnity in business interruption insurance is different from the definition in property insurance.
80. Turnover is the total income arising from the activities of a business.
81. Material damage warranty is a component of fire insurance.
82. Directors' and officers' insurance is a type of liability insurance.
83. There is no standard Employers liability insurance.
84. The injury or disease must arise out of or in the course of employment for a product liability insurance to pay.
85. The public liability insurance covers the legal liability of the insured to third parties.
86. The manufacturer of products will buy product liability against claims from those who were injured from consuming their products.
87. Professional indemnity insurance is a specialist branch of liability insurance with no standard policy wordings.
88. There is no exclusion in an 'all-risks' insurance.
89. The extended warranty insurance is effectively a true extension of the warranty issued by the producer by the product.
90. Insurers and intermediaries are very willing to become involved in providing advice in areas of risk control because it is in everybody's interest to reduce the number and cost of claims.
91. Insurers will incorporate in their property policies options that the insured may choose to exercise when setting claims.
92. Public liability falls broadly speaking into a category of risk.
93. Engineering insurance is probably the insurance area that employs most specialist surveyor.
94. Facts that increases the risk needs not to be disclosed.

95. The aspects of risk which are likely to increase the incidence of loss or the potential severity is regarded as good physical hazard.

96. The moral hazard has to do with the physical structure of a risk.

97. An insurer who makes a quotation does so on existing circumstances and material

facts as supplied by the proposer.

98. The premium rate for liability insurance is based on mille.

99. Insurance Premium Tax (IPT) applies to most general insurances in Nigeria.

100. Each operative change within the standard policy begins with words such as "The Company Will".

CF2 - GENERAL INSURANCE BUSINESS									
1	C	21	D	41	D	61	T	81	F
2	D	22	C	42	C	62	F	82	T
3	D	23	A	43	B	63	F	83	T
4	B	24	B	44	B	64	T	84	F
5	B	25	D	45	B	65	F	85	T
6	C	26	C	46	D	66	T	86	T
7	B	27	B	47	B	67	F	87	T
8	D	28	C	48	B	68	T	88	F
9	D	29	C	49	A	69	F	89	T
10	C	30	B	50	B	70	F	90	T
11	A	31	C	51	A	71	F	91	T
12	C	32	D	52	C	72	T	92	F
13	D	33	A	53	B	73	F	93	T
14	D	34	D	54	A	74	F	94	F
15	C	35	A	55	B	75	T	95	F
16	D	36	B	56	D	76	F	96	F
17	B	37	B	57	B	77	F	97	T
18	B	38	C	58	C	78	T	98	T
19	C	39	A	59	B	79	T	99	F
20	A	40	C	60	D	80	T	100	F

Chief Examiner's Summarised Statistics

Pass Rate: 84.36%

Highest Score: 90%

Lowest Score: 32%

Average Score: 78.71%

Breakdown Updates

The candidates' performances were very good with 84.36% passing the course. There is no common error identified in the answers from the candidates.

Chief Examiner's Comment on Overall Performance

Good performance.

Chief Examiner's Suggestions on Improvement

None.

CF3

CHARTERED INSURANCE INSTITUTE OF NIGERIA

CERTIFICATE IN INSURANCE
CF3 – INSURANCE UNDERWRITING PROCESS
YEAR 2020 SECOND DIET

LOGO

All answers should be shaded on the answer form in accordance with the following instructions:

- ✚ Two hours are allowed for this paper
- ✚ Fill in the information requested on the answer form and on form B.
- ✚ Handle the answer form with care and do not write notes on it.
- ✚ No marks are deducted for incorrect answers, so do not leave any questions unanswered.
- ✚ The answer form should be handed over personally by you to the invigilator before you leave the Examination Hall.
- ✚ Insert your candidate's number as given on your admission permit and any other particulars required on the answer form.
- ✚ Ensure that you write the full and correct candidate's number.
- ✚ If you bring a calculator into the examination room, it must be silent battery or solar powered non-programmable calculator. The use of programmable calculators are prohibited.
- ✚ No name should be written on the answer form.

FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL) WILL ATTRACT STATED SANCTIONS AS STATED IN THE OCTOBER 2020 DIET CANDIDATES' INSTRUCTIONS.

CHARTERED INSURANCE INSTITUTE OF NIGERIA
CERTIFICATE IN INSURANCE
CF3 - INSURANCE UNDERWRITING PROCESS

INSTRUCTIONS TO CANDIDATES

**READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY
QUESTIONS**

The questions in this section are numbered and **four** options follow each question. The options are labeled a, b, c, d. Only **one** of these options is correct or best. Select your answer for each question and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark. You will find that there is space for 100 responses on the front of the answer form. You will only need to use numbers **1** to **75** inclusively.

Example:

Employers' liability Insurance certificates are **legally** required to be kept for a minimum of:

- (a) 40 years from inception
- (b) 50 years from inception
- (c) 40 years from expiry
- (d) 50 years from expiry

The answer is option (c).

ATTEMPT ALL QUESTIONS

1. Which of these will not likely affect insurance cycle impactfully?
 - (a) Amend the legislation resulting in new levels of liabilities
 - (b) More onerous statutes extending liabilities during the currency of the policy
 - (c) Changes in underwriting policy
 - (d) Change of leadership of the insurance trade association
2. "Return period" in weather related cycles relate to
 - (a) The number of times the weather agency meets the industry
 - (b) Frequency of road crashes in a given period
 - (c) Rate at which fire insurance policies are returned for errors
 - (d) Frequency at which serious weather related events occur
3. A single event that brings about losses affecting a large number of policies across several policies is a
 - (a) retention
 - (b) catastrophe
 - (c) speculative
 - (d) surplus
4. The process by which an insurance company insures part of the risk with another insurer is called
 - (a) coinsurance
 - (b) reinsurance
 - (c) underinsurance
 - (d) capacity
5. Which one is a proportional type of reinsurance?
 - (a) Excess of loss
 - (b) Stop loss
 - (c) Surplus
 - (d) Excess of loss ratio
6. When the capacity of a treaty is described by the number of lines, it is a
 - (a) surplus treaty
 - (b) quota share
 - (c) stop loss
 - (d) excess of loss
7. When reinsurance is arranged on individual or risk by risk basis, this is referred to as
 - (a) legal cession
 - (b) auto cession
 - (c) treaty co-insurance
 - (d) facultative
8. An insurance company is concerned that it does not want to exceed a specified loss ratio, say 75%. Which reinsurance type is the company looking for?

- (a) Quota share
(b) Stop loss
(c) Excess of loss
(d) Surplus
9. Which of these is an example of helpline?
(a) Loan request assistance
(b) Cooperative society facility
(c) Telephone lines
(d) Corporate social responsibility
10. In which class of insurance do insurance engineers use digital video camera to carry out inspection without being on site?
(a) Motor
(b) Fidelity Guarantee
(c) All Risks
(d) Contractors All Risks
11. Insurance as a risk transfer tool will fall into which of these risk measurement processes?
(a) Identification
(b) Control
(c) Analysis
(d) Verification
12. Frequency is important in the analysis of claims. In which of these can this be well highlighted?
(a) Motor claims
(b) Aircraft claims
(c) Spacecraft claims
(d) Fire claims
13. Theft of mobile phones is so rampant but average cost of claims is relatively low. In terms of severity and frequency, which of these will be appropriate?
(a) Low frequency, High severity
(b) Low frequency, Low severity
(c) High frequency, High severity
(d) High frequency, Low severity
14. Which of claim ratios projects both gross and net of reinsurance apportionment?
(a) Paid claims ratio
(b) Incurred claims ratio
(c) Ultimate loss ratio
(d) Pure claims ratio
15. It is very important that underwriters find out if their accounts are making profit at policy level. This is done by means of monitoring periods. How many monitoring periods do we have?
(a) 3
(b) 4
(c) 5
(d) 6
16. A monitoring period in which the individual policy

- data is grouped according to the year in which policy is incepted or renewed is
- (a) policy year
 - (b) underwriting year
 - (c) calendar year
 - (d) accounting year
17. In which monitoring period is the premium and claim based on the period of insurance covered by a particular policy?
- (a) Accounting year
 - (b) Calendar year
 - (c) Underwriting year
 - (d) Policy year
18. A company had a premium income of ₦750,000.00 with a reserve of ₦100,000.00 and paid claims of ₦500,000.00. What is the paid claims ratio?
- (a) 20.00%
 - (b) 125.00%
 - (c) 66.67%
 - (d) 80.00%
19. In assessing a motor risk at the underwriting level, which of these will not be a key factor?
- (a) Driver's age
 - (b) Vehicle colour paint
 - (c) Type of use
 - (d) Scope of cover required
20. In health insurance, which of these will not be a factor in assessment for underwriting?
- (a) Age of the insured
 - (b) Family circumstances
 - (c) Complexion of the insured's skin
 - (d) Medical history of the insured
21. In the underwriting of a household policy, which fact will not be particularly important?
- (a) Construction
 - (b) Area
 - (c) Marital status
 - (d) Use to which property is put
22. Liability policies are important to all business whether they offer services or manufacturer products. Which of these cannot be grouped as a liability policy?
- (a) Fidelity Guarantee
 - (b) Professional Indemnity
 - (c) Products Liability
 - (d) Public Liability
23. The policy is "not underwritten" because it is sold at the point of sale. Which policy will this be?
- (a) Personal Effects
 - (b) All Risks
 - (c) Legal Expenses
 - (d) Extended Warranty
24. All these bodies except one are set up to combat the

- incidence of fraudulent activities.
- (a) Motor Insurance Database
- (b) Art Loss Register
- (c) Motor Insurers Bureau
- (d) Claims and Underwriting Exchange
25. The holding and use of personal data is very sensitive and a person who hold personal data must register with which body in the UK?
- (a) Data Protection Commissioner
- (b) Director of National Census
- (c) Commissioner of Birth Records
- (d) Data Exchange Union
26. Which of these losses will not be covered by a comprehensive motor insurance?
- (a) Theft of the car
- (b) Wear and tear of the parts
- (c) Malicious damage
- (d) Bodily injury to a pedestrian
27. In which class of motor insurance will you find loading and unloading cover?
- (a) Motorcycle
- (b) Commercial vehicle
- (c) Private car
- (d) None
28. A motor policy that will cover the use of a vehicle by an employee for both his business and that of his employee is called
- (a) Situational Motor Liability
- (b) Fleet policy
- (c) Green Card Insurance
- (d) Contingent Third Party Insurance
29. General insurance policies are contracts of indemnity. Which of these is not but rather a benefit policy?
- (a) All Risks Insurance
- (b) Burglary Insurance
- (c) Personal Accident Insurance
- (d) Consequential Loss Insurance
30. In personal accident, when an accident brings about an injury that results in permanent condition such as paralysis where recovery is not anticipated for life. What type of disablement is this?
- (a) Permanent Total Disablement
- (b) Life Death
- (c) Temporary Total Disablement
- (d) Temporary Partial Disablement

31. The travel insurance is a multiple risks cover in one package. Which of these will the policy not pay for?
- (a) Confiscated luggage
 - (b) Hospital Benefit
 - (c) Personal liability
 - (d) Loss of deposit
32. Special perils are varied in nature. Which one of these cannot be attributed to natural occurrence?
- (a) Earthquake
 - (b) Subsidence
 - (c) Malicious damage
 - (d) Storm
33. Parties must volunteer all material information before the contract is concluded. To whom does this duty refer?
- (a) The broker
 - (b) The insured and insurer
 - (c) The insured
 - (d) The insurer
34. In a motor insurance proposal, which of these information would not be considered material?
- (a) Purchase details
 - (b) Use of the vehicle
 - (c) Geographical area of use/garaging
 - (d) Age of the proposer
35. Which of these is not a breach of the duty of disclosure of material facts?
- (a) Non-disclosure
 - (b) Misrepresentation
 - (c) Concealment
 - (d) Warranty
36. A building which is built with treated wood and thatched roof as a form of tourists' attraction, is proposed for fire insurance. What constitute the peril in this proposal?
- (a) The Roof
 - (b) Fire
 - (c) The Wood
 - (d) The Tourists
37. What would constitute a hazard in the question (36) above?
- (a) The roof
 - (b) Fire
 - (c) The tourists
 - (d) Sum insured
38. The actual cover of a peril is outlined in which part of a policy?
- (a) Operative Clause
 - (b) Effective Clause
 - (c) Position Clause
 - (d) Identification Clause
39. Which of these special perils is not related to damage by water?
- (a) Impact
 - (b) Flood
 - (c) Storm
 - (d) Burst pipe

40. The special peril that occurs due to the self-ignition of an item when exposed to sufficient oxygen is
- (a) Sprinkler leakage
 - (b) Subsidence
 - (c) Subterranean fire
 - (d) Spontaneous combustion
41. These perils are excluded because they are classified as fundamental risks. Which is not one of them?
- (a) War
 - (b) Radiation
 - (c) Consequential loss
 - (d) Pollution
42. All loss, destruction of or damage to the property insured is recoverable provided it is accidental and the cause is not specifically excluded. Which policy would this be?
- (a) Fire and special perils
 - (b) All risks
 - (c) Burglary
 - (d) Money insurance
43. Glass business is issued on all risks basis but there are exclusions. Which of these is not an exclusion under such policies?
- (a) Fire
 - (b) Lightning
 - (c) Accidental damage
 - (d) Explosion
44. The maximum time the income of the business could be affected as a result of damage caused by a covered peril, say fire, is known as
- (a) lead time
 - (b) reorder time
 - (c) restoration time
 - (d) indemnity period
45. What is the main sum assured in business interruption insurance?
- (a) Gross profit
 - (b) First loss
 - (c) Liability limit
 - (d) Deductible
46. One concept that stands out in all liability policies that must be proved for liability to subsist is
- (a) Negligence
 - (b) Care
 - (c) Contract
 - (d) Indemnity
47. Which liability policy does the law stipulate the issuance of a certificate of insurance to back it up?
- (a) Professional indemnity
 - (b) Product liability
 - (c) Employers' Liability
 - (d) Public liability
48. Under which liability policy will pure financial loss be recoverable unlike other

- policies where there must be injury/damage?
- (a) Public liability
 - (b) Product liability
 - (c) Professional indemnity
 - (d) Employers' Liability
49. Which of these is not true of the policy document?
- (a) It cannot be used to get clarification on the subject matter of the insurance when dispute arise
 - (b) It contains the terms and conditions of the contract
 - (c) It identifies the subject matter of the contract
 - (d) It is the contract between the two parties
50. The part of the policy which mentions the name of the insurer and sometimes their address is the:
- (a) signature
 - (b) operative clause
 - (c) opening clause
 - (d) heading
51. The section of the policy that introduces the two parties to the contract is the
- (a) Opening
 - (b) Exceptions
 - (c) Preamble
 - (d) Operative
52. One of these is not an implied condition.
- (a) The insured must act as if uninsured
 - (b) The insured must notify the insurer within a specified period
 - (c) The insured must take reasonable action to minimise the loss
 - (d) The insured must not hinder the insurer in its investigation
53. The part of the policy that contains all the information about the insured, the subject matter of insurance and the period of insurance is known as the
- (a) register
 - (b) endorsement
 - (c) schedule
 - (d) attachment
54. Some exclusions run across all general insurance policies and are therefore called ... exclusions
- (a) market
 - (b) specific
 - (c) general
 - (d) particular
55. The right of an insurer to call upon other insurers similarly liable to the same insured in order to share claim cost is called
- (a) invitation

- (b) contribution
 - (c) agreement
 - (d) distribution
56. The penalty that an insured suffers when the value of the property is insured for less than the market or replacement value in a fire policy is called
- (a) subrogation
 - (b) deductible
 - (c) average
 - (d) cancellation
57. Excess, deductible, franchise and reinstatement. Which one is the odd one out?
- (a) Excess
 - (b) Deductible
 - (c) Franchise
 - (d) Reinstatement
58. Conditions found in the insurance policies are usually grouped into how many?
- (a) 5
 - (b) 3
 - (c) 4
 - (d) 6
59. Utmost good faith in terms of policy conditions can be grouped as
- (a) Condition precedent to liability
 - (b) Condition precedent to the contract
 - (c) Condition subsequent to the contract
 - (d) Representation
60. The duty on the insured to notify the insurer of a claim relates to which of these conditions?
- (a) Condition precedent to liability
 - (b) Condition precedent to the contract
 - (c) Condition subsequent to the contract
 - (d) Representation
61. Most general policies are for a period of twelve months and the contracts have to be consciously kept active. What is the anniversary date called?
- (a) Effective date
 - (b) Renewal date
 - (c) Period timing
 - (d) Time frame
62. All these are non-renewal policies except one. Which one is it?
- (a) Erection All Risks
 - (b) Bid Bond
 - (c) Contractors All Risks
 - (d) Fidelity Guarantee
63. Days of grace are important in the process of policy renewal. To which of these policies will they be applicable?
- (a) Fire Insurance
 - (b) Motor Insurance
 - (c) Household Insurance
 - (d) All Risks

64. When the insurer is the party that cancels the policy, what is the basis of the premium charged?
- (a) Annual premium
 - (b) Short period rate
 - (c) Flat premium rate
 - (d) Pro-Rata Premium
65. Insurance companies incur "hidden costs" in the process of procuring clients. Which of these is not one of them?
- (a) Advertising cost
 - (b) Claims payment
 - (c) Commission payments
 - (d) Administrative costs
66. Two measurements are important in claims management. One of these two is the number of times a type of peril or contingency happens. This is known as
- (a) frequency
 - (b) cycle
 - (c) routine
 - (d) severity
67. Two measurements are important in claims management. One of these two is the financial impact of a claim when it happens. This is known as
- (a) frequency
 - (b) routine
 - (c) cycle
 - (d) severity
68. Latent claims are related more to which of these policy types?
- (a) Marine cargo
 - (b) Motor theft
 - (c) Liability claims
 - (d) Consequential loss
69. The difference between the net premium and the gross premium is the
- (a) profit
 - (b) commission
 - (c) rate
 - (d) investment element
70. Which type of reserve is referred to as "run-off" surplus/deficit?
- (a) latent claim
 - (b) IBNER
 - (c) IBNR
 - (d) Large claim
71. Latent claims are related to
- (a) Long tail policy
 - (b) Non-Renewal business
 - (c) Long tail business
 - (d) First loss policies
72. The "underwriting result" consist of all these constituents except one. This exception is
- (a) investment income
 - (b) commission
 - (c) expenses
 - (d) claims

73. Which of these is not used in risk presentation when making a proposal for insurance?

- (a) Proposal form
- (b) Offer slip
- (c) Questionnaire
- (d) Broking slip

74. Which of these will not be a variable cost when considering expenses in insurance?

- (a) Accounting entries

- (b) Record keeping expenses
- (c) Certificate production
- (d) Loss adjustment expenses

75. Adjustable premium is encountered in which of these policies?

- (a) Employer's liability
- (b) All /risks
- (c) Marine cargo
- (d) Motor insurance

CF3 - INSURANCE UNDERWRITING PROCESS							
1	D	21	C	41	C	61	B
2	D	22	A	42	B	62	D
3	B	23	D	43	C	63	B
4	B	24	C	44	D	64	D
5	C	25	A	45	A	65	B
6	A	26	B	46	A	66	A
7	D	27	B	47	C	67	D
8	B	28	D	48	C	68	C
9	C	29	C	49	D	69	B
10	A	30	A	50	D	70	B
11	C	31	A	51	C	71	C
12	A	32	C	52	B	72	A
13	D	33	B	53	C	73	B
14	C	34	A	54	A	74	D
15	B	35	D	55	B	75	A
16	B	36	B	56	C		
17	D	37	A	57	D		
18	C	38	A	58	B		
19	B	39	A	59	B		
20	C	40	D	60	A		

Chief Examiner's Summarised Statistics

Pass Rate: 54.94%

Highest Score: 91%

Lowest Score: 23%

Average Score: 71.17%

Breakdown Updates

The candidates' performance is averagely good. More than half of the candidate passed.

Chief Examiner's Comment on Overall Performance

The pass rate overall for this course is 54.94%. Though not very impressive, it is still an acceptable performance.

Chief Examiner's Suggestions on Improvement

Candidates should be advised to prepare adequately for examinations to ensure better performance.

CF4

CHARTERED INSURANCE INSTITUTE OF NIGERIA

CERTIFICATE IN INSURANCE
CF4 - INSURANCE CLAIMS HANDLING PROCESS
YEAR 2020 SECOND DIET

LOGO

All answers should be shaded on the answer form in accordance with the following instructions:

- ✚ Two hours are allowed for this paper
- ✚ Fill in the information requested on the answer form and on form B.
- ✚ Handle the answer form with care and do not write notes on it.
- ✚ No marks are deducted for incorrect answers, so do not leave any questions unanswered.
- ✚ The answer form should be handed over personally by you to the invigilator before you leave the Examination Hall.
- ✚ Insert your candidate's number as given on your admission permit and any other particulars required on the answer form.
- ✚ Ensure that you write the full and correct candidate's number.
- ✚ If you bring a calculator into the examination room, it must be silent battery or solar powered non-programmable calculator. The use of programmable calculators are prohibited.
- ✚ No name should be written on the answer form.

FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL) WILL ATTRACT STATED SANCTIONS AS STATED IN THE OCTOBER 2020 DIET CANDIDATES' INSTRUCTIONS.

CHARTERED INSURANCE INSTITUTE OF NIGERIA

CERTIFICATE IN INSURANCE

CF4 - INSURANCE CLAIMS HANDLING PROCESS

INSTRUCTIONS TO CANDIDATES

**READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY
QUESTIONS**

The questions in this question paper are numbered and four options follow each question. The options are labeled a, b, c, d. Only one of these options is correct or best. Select your answer for each question and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark. You will find that there is space for 100 responses on the front of the answer form. You will only need to use numbers 1 to 75 inclusively.

Example:

In order to be insurable, the risk to be insured, as far as the insured is concerned, must be

- (a) avoidable
- (b) fortuitous
- (c) inevitable
- (d) unavoidable

The answer is option (b)

ATTEMPT ALL QUESTIONS

1. When settling a claim under household policy, which of these items will not be considered to be a consumer good?
 - (a) Television set
 - (b) Clothes
 - (c) Towel
 - (d) Window curtains
2. Boma vehicle which had an accident was sent to the garage for repairs. The insurance company sent an assessor to negotiate repair costs on their behalf. The company then issued their settlement cheque to the garage less an amount that Boma was asked to the garage directly. What is the payment Boma was asked to pay called?
 - (a) Contribution
 - (b) Penalty
 - (c) Excess
 - (d) Supplementary
3. In which of these policies is the use of authorised repairers commonly used?
 - (a) Burglary
 - (b) Motor
 - (c) Professional indemnity
 - (d) Performance bond
4. What are uninsured losses under a policy?
 - (a) Losses where the amount of claim is higher than the sum insured
 - (b) Losses in which the insured has more than one policy covering an item
 - (c) Losses in which the insured other platforms for compensation
 - (d) Losses not directly covered by the insurance policy
5. Some insurers enter into an agreement with each other not to include their respective outlays in any legal proceedings but pick them up for resolution after the uninsured loss is decided. What is this agreement called?
 - (a) Technical claims control agreement
 - (b) Friendly insurers charter
 - (c) Memorandum of understanding
 - (d) Voluntary fee control agreement
6. When an insured decides to meet the cost of its losses from its funds, it is practicing risk ...
 - (a) purchase
 - (b) retention
 - (c) aversion
 - (d) spreading

7. During which stage in the risk management process does the insured evaluate the cost of a risk materialising?
- Risk identification stage
 - Risk measurement stage
 - Risk control stage
 - Risk transfer stage
8. Which of these losses cannot be included as 'uninsured' losses?
- Loss of use to policy holder
 - Loss of accessories of the vehicle insured
 - Personal injury
 - Cost of alternative transport
9. A loss adjuster is engaged to investigate and recommend settlement in line with the policy. The settlement of a claim is a benefit to the insured who receives the amount recommended. The insurer bears the cost of the claim payout. Who pay the loss adjuster?
- The insured
 - Joint payment by both insured and insurer
 - A portion of the claim pay to the insured
 - The insurer
10. Which of these is not one of the components of information technology?
- Bundling
 - Storage
 - Production
 - Communication
11. What is responsible for insurers and brokers not being able to trade worldwide?
- Absence of standardization
 - Difference in language
 - Cultural diversity
 - Competition
12. In which type of structure do employees specialise in their type of work?
- Linear
 - Decentralized
 - Circular
 - Functional
13. Which structure is adopted by most multi-project companies in their organisation?
- Functional
 - Divisional
 - Circular
 - Linear
14. All the service providers in insurance are varied in terms of their offerings. They are collectively referred to as
- support services
 - integral services'
 - clientele services
 - customer services

15. Many insurance companies who are basing their call centers outside their countries of registration are engaged in
- (a) geographic specialization
 - (b) job specialization
 - (c) service franchise
 - (d) outsourcing
16. The professionals who holds themselves out of having the competence to investigate and recommend basis of settlement to the insurer are?
- (a) Accountants
 - (b) Loss adjusters
 - (c) Mechanical engineers
 - (d) Auditors
17. When an insurer is not sure or comfortable with the risk profile of a risk, which professional is sent to look at it on their behalf?
- (a) Marketers
 - (b) Lawyers
 - (c) Surveyors
 - (d) Journalists
18. When fraud is suspected, which is the best form of payment?
- (a) Repair
 - (b) Cash
 - (c) Cheque
 - (d) Replacement
19. In which class of insurance claims can reinstatement be considered?
- (a) Fire
 - (b) Fidelity guarantee
 - (c) Goods in transit
 - (d) Public liability
20. The simple claims reserving process has how many stages?
- (a) 5
 - (b) 4
 - (c) 3
 - (d) 2
21. The loss development factor method is used for which purpose?
- (a) Premium rating
 - (b) Receivables at a particular time
 - (c) Market share for a class of business
 - (d) Claims reserves
22. The setting out of data in the form of a table showing the development of premium, claims and incurred claims over a period of time is called?
- (a) Cycle analysis
 - (b) Seasonal analysis
 - (c) Triangulation
 - (d) Retrocession
23. There are times when the insurer would not pay a claim partially but decline to pay at

- all. Which of this is an exception?
- (a) Average clause invocation
 - (b) Cover was never in existence
 - (c) Breach of a fundamental warranty
 - (d) Fraud
24. The following are situations in which the insured will receive a sum less than the indemnity they expect. Which is the odd one out of them?
- (a) Limit of liability exists
 - (b) Fraud is proven
 - (c) There is application of excess
 - (d) Sum insured less than value at risk
25. Mojirade had a lone accident with her car. She filed for a claim. The insurance company sent their Automatic Assessor to negotiate the claim with the repairer. In making their offer she noticed a deduction that she was asked to pay the repairer directly. What would the deduction be?
- (a) Franchise
 - (b) Average
 - (c) Excess
 - (d) Depreciation
26. Baba Pupa house is valued at ₦10,000,000.00 but he insured it for ₦8,000,000.00 under a fire policy. He suffers a fire damage to the tune of ₦400,000.00. How much will the insurance company pay to him in full settlement?
- (a) ₦400,000.00
 - (b) ₦360,000.00
 - (c) ₦80,000.00
 - (d) ₦320,000.00
27. In the above scenario, which concept of insurance was at work?
- (a) Salvage
 - (b) Average
 - (c) Contribution
 - (d) Betterment
28. The agreement between motor insurers that they would not seek recovery from other subscribing insurers when their insured motorists were responsible for an accident is
- (a) contribution
 - (b) voluntary-restraint-agreement
 - (c) knock-for-knock
 - (d) claim cooperative agreement
29. The third party sharing agreement would operate in these conditions except one. Which one is it?
- (a) There must be collision between two or more vehicles

- (b) The vehicles insured must be insured against third party liabilities
- (c) Injury must be sustained by a third party or damage to third party property
- (d) Own damage claims would be shared equally by all the motorists involved
30. In the motor/public liability market agreement in which proportion is liability shared between the motor and public liabilities policies?
- (a) 50/50
- (b) 60/40
- (c) 40/60
- (d) 70/30
31. Ayomide told you he has a policy in which is inserted a clause to the effect that the first three days of the claim will not be paid, but if the illness exceeds three days then the whole period will be paid in full without any deduction. What is the clause inserted?
- (a) Franchise
- (b) Excess
- (c) Deduction
- (d) Betterment
32. The Motor Insurers' Bureau coordinates compensation to untraced drivers' victim in hit and run cases. Which is not true of the following in relation to untraced driver?
- (a) The offending driver cannot be traced
- (b) The agreement applies to death/bodily injury
- (c) The agreement applies to property damage
- (d) The bureau appoints a member on basis of rotation to negotiate the claim
33. Arbitration Clause can be found in many insurance contracts. The following hold true except one.
- (a) Disputes on liability can be handled by Arbitration
- (b) Arbitration is only concerned with quantum disputes
- (c) It is advantageous as it will be handled by experts
- (d) It is private and shields the insurer from bad publicity
34. Which is the largest source of monetary outflows in an insurance company?
- (a) Underwriting Department
- (b) Investment Department
- (c) Claim Department
- (d) Administrative Department
35. The claims manager must ensure that he is on top of the service parameters and

- delegate some responsibility to less senior staff in order to concentrate in this area but one
- (a) Areas of technical skill
 (b) Jobs requiring high level skill of seniority
 (c) Areas requiring some degree of experience
 (d) Focus on the routine departmental matters
36. A situation in which a claim is covered under the policy but the claim handlers pay more than the indemnity is known as
- (a) Leakage
 (b) Excess
 (c) Overflow
 (d) Innocent error
37. Mr. Brown West insured his small business, paid the premium as and when due. He bought new stock and as he was arriving his shop with the goods armed robbers attacked and carted away most of the new stock and some of the old stock. The bulk of what was stolen was the new stock he had no opportunity to inform the insurance but because of his many years of insurance without complain and the hardship that would befall the business, the company decided to bear 50% of the
- loss based on the business relationship. This is
- (a) Upfront payment
 (b) Ex-gratia payment
 (c) First loss payment
 (d) Marketing expenses
38. Why must an insurer have the mandatory solvency margin?
- (a) So that it has a proportion of its funds set aside to meet its claims obligations
 (b) So that there is continuous flow of premium income
 (c) So that the investment income is there to compensate for thin rates
 (d) So that its share on the stock exchange are doing well.
39. A Nigerian Company wants to expand its operations by registering a subsidiary company in the UK. Which body will they approach for authorisation to underwrite insurance there?
- (a) British Insurance Association
 (b) Lloyd's Syndicate
 (c) Financial Ombudsman Service
 (d) Financial Services Authority
40. Whilst on holiday abroad, valuables were taken away from the hired vehicle during a recreation visit to a holiday

- resort. From which authority would they require to support their claim?
- (a) Car hire company
 (b) The police
 (c) Tour operator
 (d) Travel agent
41. Which document must be produced to the motor insurance company that has issued a total loss offer to be able to release settlement payment?
- (a) Certificate of insurance
 (b) Policy or endorsement for the following year
 (c) Road Worthiness Certificate
 (d) Vehicle Ownership Papers
42. What should a policy holder do in the event of a large claim?
- (a) Ask their broker to inspect the loss first
 (b) Request their accountant out carry out a review of the sum insured
 (c) Notify the insurer as quickly as possible so that they can have a site inspection
 (d) Wait for the renewal data to inform the insurer
43. Which is the odd one out of these?
- (a) Proposal form
 (b) Offer of settlement
 (c) Discharge voucher
 (d) Satisfaction note
44. What is the minimum third party property damage limit for Motor Insurance in Nigeria?
- (a) ₦100,000.00
 (b) ₦500,000.00
 (c) ₦1,000,000.00
 (d) ₦1,500,000.00
45. Driving other cars' extension is a feature of motor cover. In which of these is the cover not included?
- (a) Comprehensive
 (b) Third party fire and theft
 (c) Third party only
 (d) Road Traffic only
46. What is the difference in cover between "Third Party Fire and Theft" and "Comprehensive"?
- (a) Fire damage
 (b) Accidental damage
 (c) Theft
 (d) Attempted theft
47. Which of these will you not find under a money policy?
- (a) Fidelity Guarantee
 (b) Cash in Transit
 (c) Money in Personal Custody
 (d) Damage to safe
48. The first loss basis of cover is issued under which of these policies?
- (a) Public Liability

- (b) Product Liability
(c) Theft/ Burglary
(d) Travel Insurance
49. When a business interruption policy refers to material damage warranty which policy is it making reference to?
(a) Fire and Special Perils
(b) Products Liability
(c) Theft/Burglary
(d) Goods in Transit
50. Which of these would not be true of the Employers' Liability Insurance?
(a) Employees extend to include those under a contract of service
(b) Liability is for bodily injury as a result of the employer's negligence
(c) Pure accidents are covered provided there is an injury
(d) The loss must arise in the course of employment
51. A supplier to XYZ manufacturing limited visited the premises to enquire if there was an order for him. The floor of the reception area had just been mopped without a notice or warning to this effect. As soon as he stepped into the reception, the slippery floor made him to fall with some degree of injury sustained. Under which policy can XYZ manufacturing lodge the claim?
(a) Professional Indemnity
(b) Product Liability
(c) Public Liability
(d) Employers' Liability
52. Joyce bought a shampoo product beautifully packaged but on opening it to use, the product container bottle broke as it was thin, cutting deep into her fingers. The injury took a while to heal. What remedies are available to her?
(a) She can claim under product liability for the injury
(b) There is no liability on the product seller because it was not the product that injured her
(c) In the absence of a contractual relationship between her and the manufacturers, there would be no claim
(d) She cannot claim because it was the container that injured her and not the product
53. The household policy offers 'comprehensive' cover. Which of this would you not find included in its coverage?
(a) Fire
(b) Theft
(c) Business interruption
(d) Fidelity guarantee

54. Which of these is not special perils within the meaning of a fire insurance policy?
(a) Earthquake
(b) Lightning
(c) Impact
(d) Storm
55. Which of these is not an absolute exclusion under the 'All-risks' insurance?
a. War
b. Money
c. Pollution
d. Consequential loss
56. Consequential loss will normally be issued based on the existence of a material policy. Which of these does not satisfy the material damage warranty?
(a) Fire and Special peril
(b) All risk
(c) Public Liability
(d) Engineering
57. All liability policies are for legal liabilities resulting in injury, death, loss or damage but a particular liability policy will cover pure economic loss. Which policy will these be?
(a) Public Liability
(b) Professional Indemnity
(c) Product Liability
(d) Employers' Liability

58. You are told that an insurance policy is to be extended to cover specified, and unspecified suppliers, prevention of access and public utilities. Which policy could this be?
(a) Machinery breakdown
(b) Consequential loss
(c) All risks
(d) Erection all risks
59. Art loss register was found to achieve these objectives directly except one
(a) Deter thefts of artworks
(b) Increase the recovery rate of stolen art
(c) Promote the trade in art globally
(d) Make the resale of artwork more difficult
60. Which one does not fall under ADR?
(a) The court
(b) Arbitration
(c) Ombudsman
(d) Mediation
61. The British Insurance Association coordinates the activities of Insurance Companies in the UK, which body plays this role in Nigeria?
(a) Chartered Insurance Institute of Nigeria
(b) Nigerian Insurers Association

- (c) International Insurance Industry Consultation Council
(d) Nigerian Council of Insurance Brothers
62. Although product liability policy can stand on its own, it is usual to write it in conjunction with which policy?
(a) All risks
(b) Extended Warranty
(c) Public Liability
(d) Consequential Loss
63. You are asked by a young enthusiast in insurance claims related services that “which of these will not come under related claim services?” What will your response be?
(a) The Fire Brigade
(b) Helplines
(c) Authorized repairers
(d) Legal cost service
64. Mr. Black was travelling out of town when he noticed that there was unusual heat from his bonnet. He stopped right on time to discover an electrical fire to his engine compartment. With the help of other travelers who brought out their extinguishers he was able to put out the fire but the car could not move again. He called his insurance company who linked him to a garage
- which came to the car. This is a practical example of
(a) Helpline services
(b) Physical inspection
(c) Post loss survey
(d) Third party support services
65. What matter is dealt with under an arbitration clause that has been inserted into the policy?
(a) Liability disagreement
(b) Offer/ settlement dispute
(c) Existence of the policy contract
(d) Reliability of adjuster’s report
66. You are told at the end of the financial year that some losses would have happened towards year end which would not have been reported. What is the provision made for these type of losses called?
(a) Outstanding claims
(b) Housing reserves
(c) Unknown/unquantified reserves
(d) Incurred but not reported reserves
67. Mr. Roberts had an accident with his car when another vehicle rammed into him from behind damaging his boot and rear light. The negligent motorist accepted that he was at fault and was

- also insured. Mr. Roberts opted to claim from his own comprehensive policy and was promptly settled. Which rights has Mr. Roberts got against the negligent motorist?
- (a) Contractual right
 (b) Residual right
 (c) Subrogation right
 (d) Contribution right
68. At the point of settling a claim brought under an all risks policy, it was discovered that same item was also covered in household policy meaning that the insured is indemnified under two policies. Which principle of insurance is brought to play in this situation?
- (a) Average
 (b) Contribution
 (c) Double indemnity
 (d) Subrogation
69. Joyce was going to work when at Broad Street a group of boys accosted her that early morning robbing her of her wristwatch and necklace. In making an all risk claim for the items, which vital documents will insurers require apart from the purchase receipt and claim form to prove the loss?
- (a) Police report
 (b) Inventory
 (c) Estimate from a vendor
 (d) Insured diary records
70. Under which liability policy is there just one limit for any one loss and for the period of insurance?
- (a) Product liability
 (b) Public liability
 (c) Professional indemnity
 (d) Employers liability
71. In the course of processing a claim, it was found that it was totally fraudulent as the event never occurred. What is the effect of this on the insurance?
- (a) All benefits will be forfeited and the insured open to persecution
 (b) An addition premium will be requested
 (c) The insured would be counselled to represent the claim at another time
 (d) The insurer will communicate their findings to the insured
72. Operation of the contribution clause has which effect on the insurer's liability?
- (a) Increases the insurer's liability
 (b) Has no effect at all
 (c) Increases the insured's payout as he now has two places to claim from
 (d) Limits the insurer's liability as it shares the liability with another

73. The duty of disclosure in insurance relates to which principle of insurance?

- (a) Proximate cause
- (b) Utmost good faith
- (c) Contribution
- (d) Insurable interest

74. In explaining the risk management process to Dorcas, which of these is not part of the three steps in the risk management process?

- (a) Risk avoidance

- (b) Risk evaluation
- (c) Risk identification
- (d) Risk control

75. While offering settlement, an item was included in the analysis called 'betterment'. Under which of these policies are you likely to find it?

- (a) Business interruption claim
- (b) Personal accident
- (c) Fire and special perils
- (d) Fidelity guarantee

CF4 - INSURANCE CLAIMS HANDLING PROCESS							
1	A	21	D	41	D	61	B
2	C	22	C	42	C	62	C
3	B	23	A	43	A	63	A
4	D	24	B	44	C	64	A
5	C	25	C	45	D	65	B
6	B	26	D	46	B	66	D
7	B	27	B	47	A	67	C
8	B	28	C	48	C	68	B
9	D	29	D	49	A	69	A
10	A	30	A	50	C	70	B
11	A	31	A	51	C	71	A
12	D	32	C	52	A	72	D
13	B	33	A	53	D	73	B
14	A	34	C	54	B	74	A
15	D	35	D	55	B	75	C
16	B	36	A	56	C		
17	C	37	B	57	B		
18	D	38	A	58	B		
19	A	39	D	59	C		
20	C	40	B	60	A		

Chief Examiner's Summarised Statistics

Pass Rate: 58.83%

Highest Score: 87%

Lowest Score: 29%

Average Score: 70.23%

Breakdown Updates

The entry for this course is few in line with the trend for many years as only 17 candidates attempted the course. The pass rate indicates a relatively good performance with a pass rate of 58.83%.

Chief Examiner's Comment on Overall Performance

Pass rate is 58.83% which is slightly above average.

Chief Examiner's Suggestions on Improvement:

Candidates should start preparing for the examination well ahead of time for a better performance.

CF5

CHARTERED INSURANCE INSTITUTE OF NIGERIA

CERTIFICATE IN INSURANCE
CF5 - MOTOR INSURANCE PRODUCTS
YEAR 2020 SECOND DIET



All answers should be shaded on the answer form in accordance with the following instructions:

- ✚ Two hours are allowed for this paper
- ✚ Fill in the information requested on the answer form and on form B.
- ✚ Handle the answer form with care and do not write notes on it.
- ✚ No marks are deducted for incorrect answers, so do not leave any questions unanswered.
- ✚ The answer form should be handed over personally by you to the invigilator before you leave the Examination Hall.
- ✚ Insert your candidate's number as given on your admission permit and any other particulars required on the answer form.
- ✚ Ensure that you write the full and correct candidate's number.
- ✚ If you bring a calculator into the examination room, it must be silent battery or solar powered non-programmable calculator. The use of programmable calculators are prohibited.
- ✚ No name should be written on the answer form.

FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL) WILL ATTRACT STATED SANCTIONS AS STATED IN THE OCTOBER 2020 DIET CANDIDATES' INSTRUCTIONS.

CHARTERED INSURANCE INSTITUTE OF NIGERIA

CERTIFICATE IN INSURANCE

CF5 - MOTOR INSURANCE PRODUCTS

READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTION

This question paper is in two sections: Section A and Section B.

SECTION A

The questions in Section A are numbered and four options follow each question. The options are labeled a, b, c, d. Only **one** of these options is correct or best. Select your answer for each question and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark. You will find that there is space for 100 responses on the front of the answer form. You will only need to use numbers 1 to 50 inclusive.

Example:

Which insurance principle does new for old overrule?

- (a) - Average
- (b) - Contribution
- (c) - Indemnity
- (d) - Subrogation

The answer is option (c).

SECTION B

This section contains five (5) case studies each followed by five questions. The case studies are not numbered and appear at the top of the page. Each of the five questions following a case study is numbered. Four options follow each question. The options are labelled, d, c, d. Only one of these options is correct or best. Select your answer for each question and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark. For Section B you will need to use numbers 51 to 75 inclusive.

ATTEMPT ALL QUESTIONS

1. An independent engineer have ordered the repair of a commercial vehicle after inspection to which the policyholder has expressed satisfaction. The claim cheque for the sum of ₦254,805.00 should be drawn in whose name?
 - (a) The policyholder
 - (b) The Insured
 - (c) The Engineer
 - (d) The Repairer
2. Additional benefits available in a private motor policy are
 - (a) personal accident cover up to a limit
 - (b) loss of goods/samples
 - (c) (a) and (d)
 - (d) medical expenses up to a limit
3. Which of these are the exceptions to additional benefits of Personal effects?
 - (a) Camera and glasses
 - (b) Money, stamp
 - (c) Business good and samples
 - (d) b and c
4. The general exceptions of a policy features some of the following except
 - (a) Policy will cease to be in force if vehicle is driven by any person not permitted to "do so by your certificate of motor Insurance"
 - (b) Policy will not apply where vehicle runs and kill street hawkers
 - (c) Policy will not apply when towing for reward
 - (d) Policy will not apply when vehicle is driven by unlicensed driver or person disqualified.
5. Which of the detail below is not a feature of a motor cover note?
 - (a) Date and time of issue
 - (b) Address of policyholder
 - (c) Driver's license and age of driver
 - (d) Detail of vehicles i.e. value, Registration Number
6. An insured receives a renewal notice a day to his policy expiry in his email box but desires to make some changes to the risk at renewal. What fastest method can such insured use?
 - (a) Reply e-mail with detail and instruction
 - (b) Call his agent to instruct him

- (c) Use "service information" on the policy
- (d) Use 24-hours customer service telephone facilities
7. A private vehicle motor policy issued to cover a car on a comprehensive scope will cover the following except
- (a) accidental collision, overturning of vehicle
- (b) theft of the vehicle
- (c) fire damage
- (d) riot, mutiny and hostility
8. Which motor policy would be engaged in meeting Mr. X enquiring for two newly acquired twelve-seater urban buses to convey school children?
- (a) Light Van Policy
- (b) Commercial Vehicle Policy
- (c) Own Good Vehicle
- (d) Private Bus (School Van)
9. Under a commercial vehicle policy, a limited liability third party property damage up to ₦5,000,000.00 is granted though can be increased on request. What is the reason for this?
- (a) Series of damages from one occurrence
- (b) One insured can be involved in several accidents
- (c) Heavy potential damage cause can be unquantifiable
- (d) All of the above
10. Driver and Vehicle licensing Authority (DVLA) seek to perform the following function(s):
- (a) To regulate the production of licences
- (b) To regulate the issuing of licenses to Drivers
- (c) To regulate the issuing of licenses for vehicles
- (d) (b) and (c)
11. A private policy provides cover for loss or damage for radio or audio equipment up to
- (a) a reasonable amount not exceeding ₦5,000.00
- (b) ₦2500.00 with excess of ₦1,000.00
- (c) a policy quoted amount
- (d) a defined financial limit "stated in the policy".
12. What is the full meaning of MID and the project it is out to achieve?
- (a) Motor Insurance Division - out to

- supplement ABI efforts on theft record
- (b) Motor Intelligence Division - out to do discreet investigation of Insurance fraud.
- (c) Motor Insurers' Database - aim of reducing the number of uninsured vehicles on UK roads.
- (d) Motor Insurers' Data - out to collate all motor data for the UK Industry & EU.
13. In the UK, two agreements which the MIB reached with the Secretary of State concerning motor users' liabilities are:
- (a) The Untraced Drivers Agreement
- (b) The Uninsured Drivers Agreement
- (c) The Uninsured Motors Agreement
- (d) a and b
14. Assume an agent presently with a motor dealer calls the office i.e. underwriting desk to obtain approval to charge a rate of 5.5% on new car instead of 7% minimum with no further discount, what premium will be charged on five new Peugeot 207 each costing ~~£~~1,950,000.00 each?
- (a) ~~£~~536,250
- (b) ~~£~~136,500
- (c) ~~£~~682,500
- (d) ~~£~~530,250
15. It is required by Sec 92 - 96 of Road Traffic Act of 1988 that "relevant and prospective disability" must be notified to Secretary of State relative to
- (a) physical health feature of the driver
- (b) physical performance ability of the driver
- (c) physical and total fitness of drivers
- (d) physical fitness of drivers
16. A victim of motor accident whose driver cannot be traced can be compensated nonetheless as provided for by the RTA through the machinery of
- (a) ABI
- (b) EDI
- (c) MIB
- (d) Legal Aid Council
17. In UK, an Industry Database Exchange of information both on motor and non-motor underwriting and claim sponsored by ABI and Equifax is known as
- (a) VIBR
- (b) CUE
- (c) EDI
- (d) AE Data Exchange

18. The state of bankruptcy or death or insolvency do not defeat the pursuit of a third party's right. This is made possible by the provision contained in
- (a) Third Parties (Rights Against Insurers) Act 1930
 - (b) Section 168 of Road Traffic Act 1988
 - (c) Third Parties (Right Against Insurers) 1965
 - (d) Third Parties (Rights Against Insurers) 1930 & Sec 153 Road Traffic Act 1988
19. In Nigeria, the Insurance Act 2003 provides that a third party whose property is damaged by an Insured vehicle is to be compensated with the sum of
- (a) ₦10,000,000.00
 - (b) ₦500,000.00
 - (c) Unlimited But Reasonable Amount
 - (d) ₦1,000,000.00
20. Electronic Data Interchange (EDI) allows access on internet to perform the task of:
- (a) the intermediary to print insurance documents e.g proposal certificate, schedule cover note at the point of sale.
 - (b) the intermediary to generate receipt for premium paid by client to avoid suspicion.
 - (c) to provide the speediest service to defeat competition.
 - (d) intermediary is given facilities to underwrite risk as if in the insurer's office.
21. An engineer engaged by an insurer on a motor damage in an accident is expected to perform the role of
- (a) adjusting motor claim referred to the engineer
 - (b) determining insurability of a vehicle
 - (c) inspecting and assessing damage to the vehicle
 - (d) inspecting and promptly disposing the salvage
22. Through what means will you check if there is a Hire Purchase Agreement on a vehicle on which a total loss claim has been settled, in the UK?
- (a) MIAFTR
 - (b) DVLA
 - (c) ABI
 - (d) Equifax

23. One body whose Electronic Data Base has helped to safeguard against fraud, to which all insurers register all settled claim on theft and total losses, is known as
- MIAFTR
 - MIFART
 - MAITRF
 - MIFTAR
24. A comprehensive private motor policy excludes just one of the following:
- Passenger liability
 - Emergency medical expenses
 - Personal accident (emergency treatment)
 - loss of vehicle use beyond 21 days
25. Following an accident report on a vehicle and the engineer's report that seventy percent of the sum insured would be required to repair it, insurer would likely treat the vehicle as
- Total economic waste
 - A write-off
 - Constructive total loss
 - Salvage
26. The cost of replacing a vehicle which is subject of claim with one of similar model, make, condition and mileage is called
- Index Market Value
 - Current Market Value
 - Actual Market Value
 - Manufacturer Catalogue Value
27. If a policy has an excess of ₦10,000.00 on an own damage or 10% of the claim amount, whichever is higher, how much would be paid by an insurer after engineer's assessment agreed amount at ₦135,000.00?
- ₦111,500.00
 - ₦125,000.00
 - ₦135,000.00
 - ₦121,500.00
28. Underwriting a new motor business by an underwriter is to
- ensure an improvement in the risk
 - determine where warranty will apply
 - to be able to arrive at an equitable premium
 - ensure good risk is not accepted
29. A policyholder in a commercial vehicle Insurance is not required to notify his underwriter of any change in risk touching:
- the driver of the vehicles
 - relocation of the business
 - conviction of the driver

- (d) conversion or modification of vehicle
30. Risk Management in motor underwriting is set to achieve
- enforcement of rules on effective vehicle maintenance
 - problems affecting the risk
 - enforcement of rules regarding mobile phones while driving on the road
 - reduction in overall claim cost and source of new business
31. When a motor policy bears a voluntary excess, it has a major effect of
- less claim occurrence
 - minor claims not reported
 - reducing premium payable by policyholder
 - claim settlement prompt payment
32. A motorcycle proposal cannot be rated on the basis of
- the cycle or the rider
 - the use of the cycle only
 - the rider or the value
 - the cycle itself or the rider
33. Under the General condition of a policy of Insurance on a vehicle, one of the following is not a feature.
- Notification
 - Average
 - Subrogation
 - Cancellation
34. An alternative extract which have equal weight as proposal form in the contract of motor policy is known as
- Risk Statement of Facts
 - Facts Finding Sheet
 - Statement of Fact
 - Vehicle Details Extract
35. The part of a motor policy detailing the basis of the contract is called
- Contract definition
 - Opening Clause
 - Contract Preamble
 - The Preamble
36. Motor accessories are covered up to a certain amount as specified in the policy. Which of these do not qualify as an accessory?
- Car Jack
 - Floor Mat
 - Car Stereo
 - Camera
37. Motor Industry Database plays a major role at controlling claim costs among other benefits. Some of the concerned bodies,

- except one, are as abbreviated below:
- (a) NIPAR
 - (b) EQUIFAX
 - (c) MIAFTR
 - (d) LOC
38. If in the UK, what policy would you recommend for prospects whose three cars in the last three years have remained with her in the Science Research Village, but she occasionally uses them to go to the beach not too far, from the village? She rules out accident totally likewise theft and fire.
- (a) RTA Policy minimum cover
 - (b) Third Party only
 - (c) Laid Up cover
 - (d) Alternative Security - Deposit of £500,000
39. The Motor Vehicle (Third Party) Insurance Ordinance 1948 requires which of these to have motor Insurance?
- (a) The police
 - (b) A motor owner using the vehicle in a private road
 - (c) Ambulance owners
 - (d) A motor owner using the vehicle on public road.
40. A motor Insurance policy is normally expected to have any of the following excess with exception of one.
- (a) Compulsory Excess
 - (b) Young & Inexperienced Driver's Excess
 - (c) Voluntary Excess
 - (d) First Loss Excess
41. In claims processing, one of the under mentioned options does not have immediate bearing
- (a) Reasonable Care
 - (b) Cooperation
 - (c) Admission of liability
 - (d) Indemnity
42. The maximum award that the standard third-party insurance cover in Nigeria for combined admissible third party property losses is
- (a) ₦1,000,000.00
 - (b) ₦10,000,000.00
 - (c) Unlimited but reasonable
 - (d) Subject to negotiation on each and every claim
43. The Body saddled with the task of administering both Un-insured and Untraced Drivers' Agreement is known as
- (a) Ministry of Transport (M.O.T)
 - (b) Motor Insurers Board
 - (c) Motor Insurance Bureau

- (d) Motor Insurers Bureau
44. Road Traffic Act 1998 provides for a Temporary Cover Note following expiry of the certificate of insurance which last for only
- (a) ten days
 - (b) seven days
 - (c) fifteen days
 - (d) twenty-one days
45. A motorist's claim was reduced by a percentage as recommended by an independent investigator as a result of his careless and reckless driving. The insurer's action conform with
- (a) Indemnity Rule
 - (b) Reasonable Care Clause
 - (c) Proximate Cause Rule
 - (d) None of the above
46. Among the rating considerations a prudent underwriter applies, one of the following options is unnecessary to arrive at a fair motor premium.
- (a) Age of the vehicle
 - (b) Security Device
 - (c) Value of the Vehicle
 - (d) Nationality of the Driver
47. In order to be able to make a claim under a motor policy subject to a LIEN CLAUSE, the claimant must
- (a) Prove Legal Interest via Hire Purchase Agreement
 - (b) Prove Insurable Interest
 - (c) Prove Insurable Fiduciary Insurance Interest
 - (d) Prove Absolute Interest or Proof of Ownership
48. No motor insurance policy is deemed to be in force within the provision of the Road Traffic Act 1998 until:
- (a) the policy document has been delivered by insurer
 - (b) the insured has received both the policy documents and certificate simultaneously
 - (c) the cover note or certificate of motor insurance has been delivered to the policyholder.
 - (d) a written documentary evidence is delivered
49. Mr. Bigland, due to his state function, cannot be present in court's proceeding involving a negligent third party. He has asked his insurer to pursue his recovery right. What principle of Insurance governs this?

- | | |
|--|--|
| <p>(a) Financial Ombudsman Services</p> <p>(b) Motor Insurer Bureau Services</p> <p>(c) Subrogation Proxy</p> <p>(d) Subrogation</p> | <p>(a) small, average and complex fleet</p> <p>(b) small, medium and large fleet</p> <p>(c) light, medium and heavy fleet</p> <p>(d) moderate, heavy and complex fleet</p> |
|--|--|
50. There are three categories of fleet risks which follow the order as below:

ATTEMPT ALL QUESTIONS

SECTION B

When Jerry drove his Jeep on a Sunday evening along Lagos-Epe Expressway Route where he had an accident with the jeep, a vehicle in his front was badly damaged and the sole occupant sustained serious injury as a result of the accident.

Jerry's wife in his jeep sustained injury and both were rushed to hospital for treatment. Jerry's insurance on the jeep was done by his employer through the employer's Brokers on a comprehensive cover. The cost of repairing Jerry's jeep was assessed at about 78% of the sum insured. The Insurance company opted for a total loss settlement as it is not economical to order repair of the jeep. The wreck of the jeep is assessed at about 20% of the sum insured. Jerry does not show interest in the wreck but his money. It was discovered that Jerry was drunk from the medical report and both his wife and him were not using seat belts. The wife had serious head injury which requires expert treatment, overseas.

51. When the cost of repairing a vehicle is found to be uneconomical the vehicle is treated as
 - (a) wreck
 - (b) salvage
 - (c) economic waste
 - (d) write-off

52. An Insurance company would opt to treat the settlement of an accidental vehicle on total loss basis when the repair cost is of the market value
 - (a) below 50%
 - (b) below 50% but not above 80%
 - (c) 60 - 70% or above
 - (d) Exactly 90%

53. The Insurance company can approach the settlement of Jerry's claim using all but one of the options of below:
 - (a) repair of the car
 - (b) replacement with another
 - (c) cash-in-lieu of repairs
 - (d) Reinstatement

54. The third party's claim would be met in full by
 - (a) Motor Insurers' Bureau
 - (b) Ombudsman
 - (c) Road Traffic Acts Third Party Board
 - (d) Jerry's insurer

55. Is Jerry's wife treatment covered by the policy?
 - (a) If approved by Management

- (b) Yes
- (c) No
- (d) Probably

Zakari insures his new Toyota car with Evergreen Insurance Plc and this makes it his third vehicle on the comprehensive policy schedule. In the second week of the newly added vehicle, Zakari's wife drove the car to a wedding occasion and whilst parked at the reception large space, the vehicle was stolen. As at the date of loss, the certificate of insurance was yet to be issued but a cover note was duly delivered.

Zakari's policy expires on same date his newly bought Toyota car was stolen. The vehicle costs ₦3,500,000.00 and attracts a theft excess of 10% of the sum insured. Zakari's wife had her camera and purse containing expensive jewelries which cost ₦200,000.00 in the safe compartment at the time of the theft. Zakari had been with Evergreen Insurance Co in the last ten years without any record of claim. Four months has elapsed and Zakari's claim has not been settled. At renewal, he instructed that the policy be renewed but only cover notes were issued by the agents.

Zakari has decided to cancel his policy and now issues notice through his lawyer for court action when it came to light that Evergreen Insurance Plc is winding up. Zakari has transferred cover to another insurer.

56. What would be the position of a Third party who may want to claim against Zakari, had his vehicle been involved in an accident?
- (a) The claim will be honoured by Zakari's insurers
 - (b) The Third Party will sue Zakari foremost.
 - (c) The Third Party will petition Ombudsman
 - (d) Third Parties legislations will all be involved
57. The certificate of insurance serves the same purpose as the cover note to witness that the vehicle is.....
- (a) comprehensively insured for one year
 - (b) having insurance against own damage
 - (c) meeting the requirement of common law
 - (d) complying with Road Traffic Acts on liabilities to third parties on road use of vehicle.

58. What are the evidences Zakari would need to produce to his new insurers if he wants to continue to enjoy rebates, or No Claims Discounts?
- (a) Renewal Notice from previous insurers
 - (b) Policy Schedule
 - (c) NCD Proof from previous Insurers
 - (d) A and C above
59. Zakari desires to have a voluntary excess up to forty percent of the sum insured on his policy on both accident and theft occurrence. What effect would this have on the rating?
- (a) It saves the insurer cost of claim
 - (b) The policy will reflect excess loading
 - (c) The premium will be discounted
 - (d) The insured will bear any loss up to 40%
60. If Zakari chooses to petition in order to press for his claim, he can do so, to.....
- (a) NIA
 - (b) CUE
 - (c) Twitter
 - (d) The Police

Chika Enterprises Limited is an Event/Tourism outfit. The sole owner, Chika, has been a prudent business manager. He has four cars which he directly insured comprehensively in his personal name of Chika Bayo.

There are ten cars in the name of his company which are used to take Tourists to different destinations in Yankari, Bauchi, Obudu or Tinapa in South-South, Kainji Holiday Resort up North and Olumo or Ikogosi in the West. He insured these 10 cars giving the cheque to a man to pay the premium. Chika also bought four mini-buses (luxury) 14-passenger buses which are contracted out to a five-star hotel. The hotel supplies drivers to drive the buses, hence Chika has no control over the drivers but Chika, through a broker, took comprehensive insurance on the four buses. Chika maintained the buses under the contract agreement with the hotel and this he has done for many years without complaints. However, the drivers of the various hire cars are not on permanent pay roll. They are called as booking comes.

61. How is the Insurance on the ten cars effected knowing that Chika is Insurance conscious?

- (a) Use of Intermediary
 - (b) Use of Brokers
 - (c) Direct Sale Companies
 - (d) Internet companies
62. All the insurances on Chika's company buses are arranged on
- (a) Comprehensive Motor Policy
 - (b) Comprehensive Commercial Vehicle Policy
 - (c) Road Traffic Act only
 - (d) Third Party only
63. The option of rating the hire cars by the insurer in order to have a commensurate earning is
- (a) to rate them as mini car hire subject to annual mileage reading agreed upon.
 - (b) to rate them as taxi car subject to annual mileage reading agreed upon.
 - (c) to rate them as minicab subject to annual mileage agreed upon.
 - (d) to rate them under commercial vehicle tariff for hire or reward.
64. In view of the classification of the cars as being under a legit insurance cover, the limit of liability in respect of damage to property of a third party is
- (a) One million naira
 - (b) Ten million naira
 - (c) Five million naira
 - (d) Unlimited
65. What rating discount, other than "NCD", if earned, would Chika qualify for?
- (a) Plurality Discount
 - (b) Long Term Agreement Discount
 - (c) Volume Discount
 - (d) Fleet Discount

Zainabe was on Lagos-Badagry International Route driving home after an outing from a wedding function. There were two other women with her, one in the front seat and the other sitting at the back. She was on a cautious speed of eighty kilometer per hour and on the fast lane of the express road. Zainabe's handset rang and she responded through the earphone piece whilst driving on the fast lane and as the conversation continued her speed dropped. All of a sudden, she shouted and the vehicle accelerated faster than normal and in split

second Zainabe had run into a car in her front causing extensive damage to both cars and injuring the driver of the other car.

Zainabe was also injured but her own passenger sitting in the front got seriously injured as she hit her head and chest against the front windscreen that cut her badly.

Police rescue team came almost immediately and rushed them to the hospital for treatment. In the subsequent Police investigation, Zainabe was said to have been informed on phone at that time that her only daughter has been arrested with some gangsters in the University for cult and anti-campus activities.

Zainabe has been insuring for over ten years without any claim. This is about her fourth car and she decided to take out only third party fire and theft Insurance on this car as against the comprehensive cover she held four years ago.

The driver of the third-party car, who was confirmed by the police to be heavily drunk when the accident happened, was confirmed dead two days after.

The passenger carried by Zainabe died from severe heart bleeding a week later. Zainabe admitted she was at fault in her statement to the police but refused to give her insurance papers out or sign any undertaking. Hope-Alive Insurance Co issued Zainabe's car insurance.

66. What was the scope of policy Zainabe held four years ago.
- (a) Third party fire and theft
 - (b) Road Traffic Act only
 - (c) Comprehensive
 - (d) Fire and theft only cover
67. The Insurance company would address the claim as follows:
- (a) Asking their engineer to assess the cost of repairs of Zainabe cars and the third party.
 - (b) Treat third parties claims from the representatives of the deceased driver and the passenger in Zainabe's car both for death and property damage.
 - (c) Treat the claim from the third party's driver's representative only.

- (d) Treat Third party's claim from the Zainabe's passenger's representative only as the other third party has contravened the law by using his vehicle without Insurance on it.
68. Had Zainabe not reduced cover to third party fire and theft and considering the circumstances leading to the accident, the insurer will deal with claim as follows:
- (a) Avoid the damage to Zainabe's car as she caused the accident willingly
 - (b) Entertain only third parties' liabilities
 - (c) Entertain own damage claim subject it to contributory negligence in final adjustment.
 - (d) Both own damage and third-party claim would be subject to contributory negligence while death claim would be decided purely by coroner.
69. The action of the insured in the statement volunteered to the Police runs contrary to the conditions of the policy as this could
- (a) impose strict liabilities on the insurers
 - (b) prejudice the payment of claim
 - (c) prejudice Zainabe's position on behalf of insurer's dealing
 - (d) prejudice insurers position on third party's claim
70. Should a mobile phone warranty have been incorporated into the policy and Zainabe acted in breach of the warranty, the claim position would be:
- (a) avoid all the claims as policy warranty has the effect to this effect
 - (b) own damage may be avoided but all third-parties liabilities would be entertained
 - (c) policy is deemed to be void and thus no claim
 - (d) of no effect since death is involved.

Mr. Chukwuka owns a BMW 5.1 Series Station Wagon. He insured the vehicle with Robounce Insurance Company (RIC) for a sum of ₦2,500,000.00 as newly acquired car in July 2004. RIC charged a premium rate of 7.5% on comprehensive cover instead of the market tariff of 10% on value of the vehicle. The policy was issued with incorporation of "No Claim Discount" beginning from 1st Renewal with 20%, 2nd year 25%, 3rd year 33 1/3, 4th year 40% and 5th year 50% maximum.

Mr. Chukwuka bought a new car-Toyota Ladybird for Damisi his wife in July 2006, insured same in the name of his wife and was able to secure a 10% Plurality Discount being the person paying the premium. The car cost ₦1,500,000.00. In July 2008 Chukwuka bought a VW Jeep at ₦4,500,000.00. At this point, he secured a 20% reduction in the initial rate.

71. How much did Chukwuka pay as premium on his BMW in the first year?
- (a) ₦250,000.00
 - (b) ₦225,000.00
 - (c) ₦187,500.00
 - (d) ₦168,750.00
72. Mr. Chukwuka's policy is expected to reflect which of the following excess in a private vehicle policy issued to him?
- (a) Franchise
 - (b) Own Damage Excess (compulsory)
 - (c) Young and In-experienced Driver's Excess
 - (d) (b) and (c)
73. It is most likely that Mr. Chukwuka cut off the involvement of intermediary in his insurance transaction. This, he could have been able to achieve in one of the following purchase channel options. Which option is this?
- (a) (b), (c) and (d)
 - (b) Direct Sale
 - (c) Consortium of Insurers
 - (d) Internet companies
74. What premium did he pay when he renewed his policy in July 2006 noting the changes in number of vehicles?
- (a) ₦270,000.00
 - (b) ₦243,000.00
 - (c) ₦213,750.00
 - (d) ₦202,500.00
75. Is there always a difference between plurality discount and fleet discount?
- (a) No
 - (b) Yes
 - (c) Not Always
 - (d) At Times

CF5 - MOTOR INSURANCE PRODUCTS							
1	D	21	A	41	D	61	A
2	C	22	A	42	C	62	B
3	D	23	A	43	D	63	D
4	B	24	D	44	C	64	A
5	C	25	C	45	D	65	D
6	A	26	B	46	D	66	C
7	D	27	D	47	A	67	C
8	B	28	C	48	D	68	D
9	D	29	B	49	D	69	C
10	D	30	D	50	B	70	A
11	D	31	C	51	D	71	C
12	C	32	B	52	C	72	B
13	D	33	C	53	D	73	B
14	A	34	B	54	D	74	D
15	C	35	D	55	C	75	B
16	C	36	D	56	A		
17	B	37	D	57	A		
18	D	38	A	58	D		
19	D	39	D	59	C		
20	A	40	B	60	A		

Chief Examiner's Summarised Statistics

Pass Rate: 66.67%

Highest Score: 79%

Lowest Score: 61%

Average Score: 71%

Breakdown Updates

The general performance of candidates was okay and encouraging. The statistics of the performance shows that the candidate performed above average.

Chief Examiner's Comment on Overall Performance

Candidates should prepare very well for the examination.

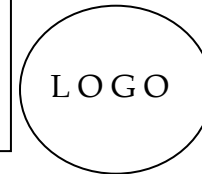
Chief Examiner's Suggestions on Improvement

Candidates should start preparing for the examination well ahead of time.

CF6

CHARTERED INSURANCE INSTITUTE OF NIGERIA

CERTIFICATE IN INSURANCE
CF6 - HOUSEHOLD INSURANCE PRODUCTS
YEAR 2020 SECOND DIET



All answers should be shaded on the answer form in accordance with the following instructions:

- ✚ Two hours are allowed for this paper
- ✚ Fill in the information requested on the answer form and on form B.
- ✚ Handle the answer form with care and do not write notes on it.
- ✚ No marks are deducted for incorrect answers, so do not leave any questions unanswered.
- ✚ The answer form should be handed over personally by you to the invigilator before you leave the Examination Hall.
- ✚ Insert your candidate's number as given on your admission permit and any other particulars required on the answer form.
- ✚ Ensure that you write the full and correct candidate's number.
- ✚ If you bring a calculator into the examination room, it must be silent battery or solar powered non-programmable calculator. The use of programmable calculators are prohibited.
- ✚ No name should be written on the answer form.

FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL) WILL ATTRACT STATED SANCTIONS AS STATED IN THE OCTOBER 2020 DIET CANDIDATES' INSTRUCTIONS.

CHARTERED INSURANCE INSTITUTE OF NIGERIA

CERTIFICATE IN INSURANCE

CF6 - HOUSEHOLD INSURANCE PRODUCTS

INSTRUCTIONS TO CANDIDATES

READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTION

This question paper is in two sections: Section A and Section B.

SECTION A

The questions in Section A are numbered and four options follow each question. The options are labeled a, b, c, d. Only **one** of these options is correct or best. Select your answer for each question and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark. You will find that there is space for 100 responses on the front of the answer form. You will only need to use numbers 1 to 50 inclusive.

Example:

Which insurance principle does new for old overrule?

- (a) - Average
- (b) - Contribution
- (c) - Indemnity
- (d) - Subrogation

The answer is option (c).

SECTION B

This section contains five (5) case studies each followed by five questions. The case studies are not numbered and appear at the top of the page. Each of the five questions following a case study is numbered. Four options follow each question. The options are labelled, d, c, d. Only one of these options is correct or best. Select your answer for each question and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark. For Section B you will need to use numbers 51 to 75 inclusive.

ATTEMPT ALL QUESTIONS

1. An individual enters the details of a standard risk into an insurer's internet quotation system. How will the risk normally be underwritten?
 - (a) Household policy
 - (b) Fire & special perils policy
 - (c) Personal insurances
 - (d) Home-business policies
2. A specialist household policy will be more appropriate rather than a standard package policy in one of the following circumstances:
 - (a) combined policies
 - (b) holiday homes
 - (c) comprehensive policies
 - (d) personal effects and jewelries policies
3. 'Dishonestly appropriating property belonging to another with the intention of permanently depriving that other of it'.
The above definition is defined by:
 - (a) Theft Act 1968
 - (b) Theft Act 1958
 - (c) Theft Act 1963
 - (d) Theft Act 1965
4. The following are types of household packages available except
 - (a) building only
 - (b) contents only
 - (c) combined policies
 - (d) dwelling only policy
5. EDI is simply one of the following:
 - (a) Electronic Display Insurance
 - (b) Electronic Data Interchange
 - (c) Electronic Data Information
 - (d) Electronic Display Information
6. Buildings are defined as the main structure of the insured's home except
 - (a) oil and gas tanks, septic tanks and cesspits
 - (b) outbuilding used for domestic purposes
 - (c) fixtures and fittings
 - (d) fitted carpets
7. A product specifically developed to meet the needs of individuals that are members of a particular profession or societies or organizations is known as:
 - (a) Affirmity Group Scheme
 - (b) Affinity Group Scheme
 - (c) Affermity Group Scheme
 - (d) Avermity Group Scheme
8. The exclusions under building cover where a building is left unoccupied for more than 30 days does not apply to:

- (a) fire outbreak
 (b) riot and civil commotion
 (c) escape of oil or water
 (d) theft or attempted theft
9. A distribution channel which maximizes the use of information technology in dealing with customers by telephone is:
 (a) information centre
 (b) phone centre
 (c) call centre
 (d) insurance business centre
10. The involvement of the banks and building societies in traditional insurance business or services is called:
 (a) bankassurance
 (b) bancassurance
 (c) bank and building societies assurance
 (d) bank and building societies insurance
11. Frozen foods extension of the household policy does not cover:
 (a) damage due to power failure
 (b) a change in temperature
 (c) contamination by freezing agents
 (d) the reasonable cost of hiring temporary alternative freezer space if the freezer breaks down.
12. Under the assistance services/emergency helplines extension, one of the following does not fall into the assistance rendered:
 (a) legal cost
 (b) legal advice
 (c) emergency repairs
 (d) glazing service
13. The general exclusions to a household policy does not include:
 (a) earthquake
 (b) war risks
 (c) radioactive and nuclear risks
 (d) pollution or contamination
14. A situation where the ground rises after the moisture content of the soil increases is known as
 (a) subsidence
 (b) landslide
 (c) heave
 (d) volcanic erosion
15. The index used by insurers to index-link personal possessions cover is known as:
 (a) wholesale price index
 (b) retail price index
 (c) consumer price index
 (d) cost price index
16. The basis of settlement under the economic slaughter section of a horse policy is:
 (a) the market value of the animal subject to the

- policy sum insured, selected by the insured
- (b) the cost price of the horse
- (c) the cost price of the horse subject to the policy sum insured selected by the insured
- (d) the selling price of the horse by the insured
17. The following are the sections in a caravan policy except:
- (a) loss of or damage to caravan or equipment
- (b) loss of or damage to the contents
- (c) loss of or damage to lens
- (d) legal liability
18. In a situation where deposits and payments are made for transport and accommodation booked for, but not used by the insured person due to unavoidable cancellation of the holiday prior to the date of departure, the cover for this is known as:
- (a) curtailment cover
- (b) termination cover
- (c) suspension cover
- (d) cancellation cover
19. Whose responsibility is it to insure the buildings of a block of flats?
- (a) The tenants
- (b) The landlord and the tenants
- (c) The landlord or freeholder
- (d) The local government.
20. Liability for injury to employees is excluded from the liability section of a caravan policy because:
- (a) this cover is provided under a household policy
- (b) injury to employees is not covered by other policies
- (c) injury to employees is difficult to determine at the time of claim
- (d) injury to employees is not charged for
21. Where legal liability arises even though there is no fault; is known as
- (a) nuisance
- (b) statutory negligence
- (c) civil law
- (d) strict liability
22. Is employer's liability cover required as an extension to a block of flats policy?
- (a) No, it is not required.
- (b) Yes, it is required where the services of caretaker or cleaners are engaged.
- (c) Yes, for the benefit of the tenants.
- (d) Yes, for the benefit of visitors.
23. Judicial precedent can be described as:
- (a) decisions of past courts must be followed by

- present courts where the facts are the same
- (b) decisions of the past courts may be modified by present courts where the facts are the same
- (c) the present courts must come up with their decisions without any reference to the past
- (d) the judge decides on his own
24. The insurers, when insuring a shared or rented property, consider one of the following tenants to be a lesser risk:
- (a) Offices
- (b) Students
- (c) Asylum seekers
- (d) People in receipt of housing benefit
25. is concerned with the control of behaviour that harms or threatens the peace and stability of the community.
- (a) Civil law
- (b) Criminal law
- (c) Customary law
- (d) Local law
26. The principal change to the Occupiers' Liability Act 1957, brought about by the Occupiers' Liability Act 1984 was:
- (a) An extension of duty of care of occupiers of property to co-tenants
- (b) An extension of duty of care of occupiers of property to trespassers
- (c) An extension of duty of care of occupiers of property to neighbours
- (d) An extension of duty of care of occupiers of property to landlords
27. Where the house for insurance is located in an area subject to subsidence, what additional information is required by the insurers?
- (a) A surveyor's report on the property
- (b) An architect's report on the property
- (c) An adjuster's report on the property
- (d) A proposal form duly completed by the insured
28. The term "new for old" cover means ...
- (a) basis of cover where no deduction is made for wear, tear and depreciation in the event of loss.
- (b) basis of cover where new cover will be provided to replace the old cover following a loss
- (c) basis of cover where new items are given less depreciation
- (d) basis of cover where new house rebuilding cost index

29. What is the limitation period for personal injury claims under the law of torts?
- (a) Two years
 - (b) Three years
 - (c) Five years
 - (d) Ten years
30. Where a child's act is wrong.
- (a) The parent is vicariously liable
 - (b) The parent is vicariously liable only for the act
 - (c) The parent is liable for negligent supervision
 - (d) The parent is not liable
31. In a situation where the insurers have accepted a claim but there is a dispute over the amount of settlement, the condition that applies is:
- (a) litigation condition
 - (b) subrogation condition
 - (c) contribution condition
 - (d) arbitration condition
32. Following a loss, insurers ask for an estimate of the amount of the loss to:
- (a) make reserve and determine if the services of loss adjusters be engaged
 - (b) to pay the insured
 - (c) to determine whether to pay or repudiate the claim
 - (d) to notify other insurers and the brokers

33. The index mostly used by insurers to index-link buildings sum insured is called:
- (a) Building materials cost index
 - (b) House rebuilding cost index
 - (c) Consumer rebuilding cost index
 - (d) Public rebuilding cost index
34. Following a loss where the same subject matter is covered by two or more insurers, the same risk, the same insured and period of insurance, which of the conditions will apply?
- (a) Arbitration condition
 - (b) Subrogation condition
 - (c) Contribution condition
 - (d) Utmost good faith
35. An express duty is:
- (a) one which is specifically expressed by mouth during negotiation.
 - (b) a duty required to be expressly carried out.
 - (c) which is specifically written into the contract of insurance.
 - (d) a duty not communicated between the parties.
36. Of what use is Electronic Document Storage?
- (a) It allows large volume of information to be

- stored electronically in a small physical space.
- (b) It allows large documents and physical files and papers to be stored
- (c) It simplifies storage of hardware
- (d) It simplifies the reading of computer languages
37. What does INSTEP stands for?
- (a) Insurance Standard and Electronic Principles
- (b) Insurance Standard and Electronic Practices
- (c) Insurance Standard and Economic Principles
- (d) Insurance Standard and E-bank Practices
38. What is the role of the financial ombudsman service?
- (a) To render financial services to only insurance industry
- (b) To provide independent and impartial reconciliation of disputes between the insureds and insurers
- (c) To provide independent and impartial reconciliation of disputes between the insurers and brokers
- (d) To provide financial services to the financial sector
39. What does ACD stand for?
- (a) Automatic Code Department.
- (b) Automatic Code Distribution.
- (c) Automated Call Centre Distribution.
- (d) Automated Call Centre Department.
40. What is the expected standard of any GISC member when handling claims under private customer code?
- (a) To ensure that insurers are protected
- (b) To ensure that the insureds are protected
- (c) To handle claims fairly and promptly
- (d) To treat claims with levity
41. A verbal but defamatory statement made on a person is known as:
- (a) slander
- (b) nuisance
- (c) libel
- (d) strict liability
42. Which of the following terms contradict the principle of "new for old" in insurance?
- (a) Contribution
- (b) Indemnity
- (c) Arbitration
- (d) Subrogation
43. A written statement which is false and defamatory is known as:
- (a) slander
- (b) nuisance

- (c) strict liability
(d) libel
44. A contents insurance policy covering loss of money will exclude claims arising from the theft of:
(a) postage stamps
(b) travelers' cheques
(c) an employer's credit card
(d) luncheon vouchers
45. Where an insurer is to provide contents cover for one occupant in a shared accommodation, what warranty or condition should be imposed?
(a) Theft alarm warranty
(b) Forcible violent entry or exit clause
(c) Key clause
(d) Indemnity condition
46. All risks cover can also be referred to as all of the following except:
(a) personal possessions
(b) contents cover away from the home
(c) personal properties
(d) personal belongings
47. Unrecovered damages can also be referred to as:
- (a) reserve damages
(b) reverse damages
(c) resolve damages
(d) reservation damages
48. The term single-tied agents refer to agents offering:
(a) only one insurance product for all insurance companies.
(b) their services to only one client e.g. a bank.
(c) their services only electronically.
(d) only the products of a single insurer.
49. ----- provides cover in respect of the outstanding amount of judgment made against a third party for bodily injury sustained by the insured.
(a) Reserve damages
(b) Resolve damages
(c) Reservation damages
(d) Reverse damages
50. The useful definition of is as given in the case of Blyth vs. Birmingham Waterworks (1856).
(a) negligence
(b) nuisance
(c) trespass
(d) strict liability.

**ATTEMPT ALL QUESTIONS
SECTION B**

Mrs. Clara effected a household policy on her jewelries and clothings with NYZ insurance company. After few months of effecting the policy, she discovered that

some of her clothings have been damaged by insects and quickly reported same to her insurer. Few weeks later, she embarked on a journey for a month and a half. When she came back, her jewelries had been stolen. Also her drawers for clothing was forced and damaged, but not opened. As soon as Mrs. Clara was around, she lodged her complaint with the insurance company. One afternoon, fire broke out from an unknown cause and was quickly put-off causing smoke damage to the walls. She again complained about her fallen television aerial.

51. Can Mrs. Clara claim for her damaged clothing?
- (a) Yes, since the clothings are insured
 - (b) No, since the clothings are not insured.
 - (c) No, damage by insects is not covered
 - (d) Yes, damage by insects is covered.
52. Will Mrs. Clara be entitled to any indemnity from the insurer for her stolen jewelries?
- (a) Yes, because the jewelries were insured
 - (b) No, because the jewelries were not insured
 - (c) Yes, because the jewelries were stolen when she was not around
 - (d) No, because the jewelries were stolen when she was not around.
53. Will the insurer pay for the slight damage to the drawers as reported by Mrs. Clara?
- (a) Yes, because the drawers were covered.
 - (b) No, because the drawers were not covered.
 - (c) No, because the drawers were damaged when she was not around.
 - (d) Yes, because the drawers were damaged by robbers.
54. Is the smoke damage to the walls covered?
- (a) No, damage by smoke to the walls is not covered.
 - (b) No, it is only damage by fire that is covered.
 - (c) Yes, it is covered because smoke damage is covered by household policy.
 - (d) No, damage by fire is not covered.
55. Is the insurer expected to pay for the fallen television aerial?
- (a) No, nothing concerns insurer with the aerial.
 - (b) Yes, insurer has to pay since it is covered.
 - (c) No, the damage was unknown as the insurer is not responsible.
 - (d) No, because the damage was deliberate.

Mr. Felix effected a typical household buildings policy. Owing to his nature of business, he burns sticks to make charcoal at home. One day, a landslip occurred and led to damage to his swimming pool. His orange tree fell and caused damage

to the building. Water escaped from the water tank causing damages to other properties.

The State Government in its recent effort to make the State a mega city, decided to demolish the insured's building.

56. Is the damage to the wall by smoke covered?
- (a) Yes, it is covered because the building is insured.
 - (b) Yes, the stains on the wall will be paid for by the insurer since it is ordinary stain.
 - (c) No, it is not covered because the damage is from a gradually operating cause.
 - (d) No, because charcoal is not specifically insured.
57. Is the damage to swimming pool covered?
- (a) Yes, swimming pool is part of the building and it is covered irrespective of its cause
 - (b) No, damage to the swimming pool by landslip is not covered
 - (c) Yes, it is covered because the insured was at home.
 - (d) No, because the insured was not at home.
58. Mr. Felix put up a claim for the damage to the building and the cost of removing the fallen tree. Is he entitled to claim?
- (a) Yes, he is entitled to claim for the building only.
 - (b) Yes, he is entitled to claim for the cost of removal of the tree only.
 - (c) No, he is not entitled to any claim.
 - (d) Yes, he is entitled to claim for the cost of removal and for the damage to the building.
59. Is the claimant entitled to claim for the damage caused by escape of water and the water tank?
- (a) Yes, he is entitled to both
 - (b) Yes, he is entitled to the damage caused by the water that escaped and not the cost of repair to the water tank
 - (c) No, he is not entitled to any.
 - (d) Yes, he is only entitled to claim for the repair to the water tank.
60. Is the insurer required to compensate the insured for the demolition by the state government?
- (a) Yes, because the building was insured.
 - (b) Yes, since the demolition is by the government.
 - (c) No, the policy does not cover demolition.
 - (d) Yes, demolition of any sort is covered.

Mr. Johnson, the landlord effected buildings and contents household policies. One day, a postman visited the insured's premises and was hit by a slate falling off the roof due to improper maintenance. The insured's cleaner suffered injury as a result of faulty machine provided by the insured. Mr. Johnson has his policy extended to cover money and credit cards as well as pedal cycles and sports equipment.

61. Is the injury to the postman covered?
 - (a) Yes, it is covered by the policy.
 - (b) No, it is not covered
 - (c) Household only covers properties and does not cover injury
 - (d) The postmaster be treated by his employer policy.

62. Mr. Johnson's cleaner suffered injury following the use of machine given to him by his master. Is the policy liable to pay?
 - (a) No, because the insured provided the machine, he should treat the cleaner without any recourse to the policy.
 - (b) No, the cleaner should treat himself.
 - (c) Yes, because the insured provided the machine, the policy is liable
 - (d) Since the cleaner enjoys medical allowance

63. Mr. Johnson's brother residing with him picked his credit card and used it. Is Mr. Johnson entitled to a claim from the insurer?
 - (a) Yes, because he has credit card extension.
 - (b) No, because it was used by his relative.
 - (c) No, because it was used unauthorized.
 - (d) Yes, because the amount was not much.

64. Mr. Johnson lost some parts and accessories of the cycle and cycle got damaged. Is the insurance company liable for the loss of accessories?
 - (a) Yes, the insurer is liable for the loss of accessories and parts.
 - (b) No, the insurer is only liable for the damage to the cycle.
 - (c) No, the insurer is not liable for any.
 - (d) No, the cycle is not insured.

65. Is the damage to Mr. Johnson's sport equipment when carrying out exercise with same in the gym covered?
 - (a) Yes, it is covered because it is insured.
 - (b) No, it is not insured
 - (c) Yes, it is covered while in use.
 - (d) No, it is not covered while in use.

Mr. James effected a household policy before he traveled out to another state within his country to spend his two months leave. On his return, he discovered that his building had been damaged and on enquiry from his neighbours, he was informed of the political disturbances while he was away. Based on this

information, he decided to let out part of his building. Not long to the tenant's occupation, his generator house was damaged by the tenant. While Mr. James was at home, there was a heavy storm which destroyed his gates and several months later, the mango tree in James house fell and damaged Mr. James fences. Mr. James' insured washing machine was later damaged by corrosion.

Mr. James reported all the incidents to his insurance company so as to recoup his losses. As an insurance expert, you are to advise Mr. James.

66. Is the damage to Mr. James building while he was away covered by his household policy?
 - (a) Yes, it is covered because Mr. James insured the building
 - (b) Yes, it is covered because Mr. James reported the claim immediately he noticed same.
 - (c) No, it is not covered because Mr. James was not around to report the claim at the appropriate time.
 - (d) No, it is not covered because the building was unoccupied for a long time.

67. Is the damage to Mr. James generator house covered?
 - (a) Yes, it is covered because the generator house forms part of the building
 - (b) No, because the generator house was separately insured.
 - (c) Yes, because the generator house was not separately insured
 - (d) No, because the damage was caused by his tenant.

68. Is the damage to Mr. James fences following the storm covered?
 - (a) No, damage by storm is not covered.
 - (b) Yes, it is covered since storm is one of the special perils.
 - (c) No, special perils are not covered by household policy
 - (d) No, storm is not part of the special perils

69. Is the damage caused by the fallen tree to the fences covered?
 - (a) Yes, damage by tree is covered because the tree is within the premises.
 - (b) Yes, because the tree fell by itself.
 - (c) No, damage by the tree is not covered.
 - (d) Yes, the tree is one of the special perils.

70. Is the damage to the washing machine covered?
 - (a) Yes, it is covered because it is insured
 - (b) No, because it is not specifically insured
 - (c) No, because damage by corrosion is not covered.
 - (d) Yes, because damage by corrosion is covered under household

Mr. Adeleke effected a household policy with a reputable insurance company. Following a fire outbreak, Mr. Adeleke reported and documented a claim. The insurance company made settlement offer which was not satisfactory to the insured. During the week, Mr. Adeleke went to the office and before he came back, some of his properties have been carted away. The thieves sneaked in and did not break the doors or windows. Following a fire outbreak, Mr. Adeleke prepared his claim and incurred certain cost which includes survey and legal fees in putting up the new building.

71. Due to the disagreement between the insurance company and Mr. Adeleke, what course of action is expected in compliance with the policy condition.
 - (a) Court
 - (b) Subrogation
 - (c) Arbitration
 - (d) Tribunal

72. Is the theft of the insured's properties covered?
 - (a) Yes, it is covered despite the fact that the house was not burgled
 - (b) Yes, it is covered since they are insured
 - (c) No, it is not covered since there was neither forcible entry or exit
 - (d) No, theft policy does not cover stolen items since it is not a fire policy.

73. Mr. Adeleke requested the insurance company to pay the claim and the cost for preparing his claim.
 - (a) Yes, he is entitled since the insurance company requested for it.
 - (b) No, he is only entitled to claim for the damages to his properties.
 - (c) No, he is not entitled to any claim at all.
 - (d) No, he is only entitled to the cost of preparing the claim

74. Does the policy cover surveyor's fees?
 - (a) Yes, it is covered but must be reasonable
 - (b) No, it is not covered and the insured must bear it
 - (c) No, it is not for household policy to pay for surveyor's fees
 - (d) Yes, it has to be shared between the insured and the insurer.

75. Is the insurance company expected to pay the insured's legal fee?
 - (a) Yes, they must pay though it must be reasonable
 - (b) No, the household policy does not cover legal fee of all sorts
 - (c) Yes, it has to be shared between the insurance and the insured
 - (d) Yes, the insurer has to pay for every legal cost involved irrespective of the amount.

CF6 - HOUSEHOLD INSURANCE PRODUCTS							
1	C	21	A	41	A	61	A
2	B	22	A	42	B	62	A
3	A	23	A	43	D	63	B
4	A	24	A	44	D	64	A
5	B	25	A	45	B	65	A
6	D	26	B	46	A	66	D
7	B	27	A	47		67	D
8	A	28	A	48	D	68	B
9	C	29	B	49	A	69	D
10	B	30	A	50	A	70	C
11	A	31	D	51	A	71	C
12	A	32	A	52	D	72	B
13	A	33	B	53	C	73	B
14	C	34	C	54	C	74	B
15	B	35	C	55	C	75	B
16	A	36	B	56	C		
17	C	37		57			
18	D	38	B	58	D		
19	C	39	C	59	A		
20	D	40	C	60	C		

Chief Examiner's Summarised Statistics

Pass Rate: 100%

Highest Score: 81%

Lowest Score: 71%

Average Score: 78.75%

Breakdown Updates

General Performance was excellent, the statistics of the performance shows that all the candidates performed excellently.

Chief Examiner's Comment on Overall Performance

Overall performance is excellent.

Chief Examiner's Suggestions on Improvement

Nil.

CF7

CHARTERED INSURANCE INSTITUTE OF NIGERIA

CERTIFICATE IN INSURANCE
CF7 - HEALTHCARE INSURANCE PRODUCTS
YEAR 2020 SECOND DIET

LOGO

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- ✚ Handle the answer form with care and do not write notes on it.
- ✚ No marks are deducted for incorrect answers, so do not leave any questions unanswered.
- ✚ The answer form should be handed over personally by you to the invigilator before you leave the Examination Hall.
- ✚ Insert your candidate's number as given on your admission permit and any other particulars required on the answer form.
- ✚ Ensure that you write the full and correct candidate's number.
- ✚ If you bring a calculator into the examination room, it must be silent battery or solar powered non-programmable calculator. The use of programmable calculators are prohibited.
- ✚ No name should be written on the answer form.

FAILURE TO ADHERE TO INSTRUCTIONS (WRITTEN AND VERBAL) WILL ATTRACT STATED SANCTIONS AS STATED IN THE OCTOBER 2020 DIET CANDIDATES' INSTRUCTIONS.

CHARTERED INSURANCE INSTITUTE OF NIGERIA
CERTIFICATE IN INSURANCE
CF7 - HEALTHCARE INSURANCE PRODUCTS

INSTRUCTIONS TO CANDIDATES

**READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY
QUESTIONS**

The questions in this paper are numbered and **four** options follow each question. The options are labeled a, b, c, d. Only **one** of these options is correct or best. Select your answer for each question and indicate it on the answer form by filling in the appropriate box with a horizontal pencil mark.

Example:

A private healthcare provider that reinvests any profit made on better health and care services is known as a:

- (a) friendly society
- (b) mutual society
- (c) proprietary insurer
- (d) provident insurer

The answer is option (d)

ATTEMPT ALL QUESTIONS

1. The regulator of the National Health Insurance Scheme in Nigeria is?
 - (a) NHIS
 - (b) NAICOM
 - (c) PENCOR
 - (d) ICAN
2. The sellers of health insurance in Nigeria is
 - (a) PPP
 - (b) AXA
 - (c) HMO
 - (d) NCRIB
3. Which of these is not classified as life insurance business by the Insurance Act 2003?
 - (a) Individual life
 - (b) Health insurance
 - (c) Personal accident
 - (d) Pension business
4. The process whereby the insured checks with the insurer before treatment takes place is called _____
 - (a) consultation
 - (b) treatment
 - (c) pre-authorization
 - (d) care management
5. The process whereby medically qualified staff working for the insurer manage claims against

the most usual procedure for the particular condition is called

- (a) consultation
 - (b) treatment
 - (c) pre-authorization
 - (d) care management
6. Which of these is not an advantage of the insurer in making direct settlement of bills?
 - (a) The customer need not be concerned with arranging payment to hospitals
 - (b) The customer is assured that all hospital costs within the band entitlement are covered
 - (c) Hospitals are not paid for the treatment that they had provided
 - (d) PMI insurers can influence hospital pricing decisions to improve their profitability or premium competitiveness
7. A recent innovation in the processing of claims has been the introduction of
 - (a) CNE
 - (b) BUPA
 - (c) EDI
 - (d) PPP
8. The full meaning of PMI is

- (a) Public Medical Insurers
 - (b) Public Medical Institutions
 - (c) Private Medical Insurance
 - (d) Private Medical Institutions
9. Which of these is not a reason why claim forms contain sufficient information?
- (a) To identify the customer and the document
 - (b) To invite new clients to the company
 - (c) To identify the date of the treatment
 - (d) To indicate the nature of the condition needing treatment
10. Which of these is not part of the major general checks made on the member's eligibility to receive benefits?
- (a) Is the payment of premiums being paid up-to-date for the dates of treatment?
 - (b) Have any annual maximum limits been reached for the type of treatment being claimed?
 - (c) Was the treatment in accordance with the terms of the policy?
 - (d) Was the business introduced by a broker or an agent?
11. Dental claims will be paid in accordance with the type of cover the customer has. The procedures used will not include?
- (a) Health cash plans
 - (b) Dental insurance
 - (c) Major medex
 - (d) Capitation plan
12. Which of these is not relevant after the validity of a claim has been accepted?
- (a) Determine the amount of the payment
 - (b) Determine whom it should be made to
 - (c) Establish the mode of the payment
 - (d) Establish the commission to be paid
13. For impairments, the industry adopted the World Health Organization (WHO). International classification of disease system of classification
- (a) True
 - (b) False
 - (c) Not only WHO but with UNICEF
 - (d) Not always

14. What is an OPC's code?
- (a) Marketing code
 - (b) Drug dispensing code
 - (c) Treatment code
 - (d) Claim handling code
15. _____ is the increase year-on-year in the cost of delivering medical services
- (a) Medical index
 - (b) Ordinary inflation
 - (c) Medical cost inflation
 - (d) Medical billing cost
16. The term used in Nigerian Health Insurance program is
- (a) NHS
 - (b) PPP
 - (c) NHIS
 - (d) PMI
17. Which of these is applicable in the Nigerian health insurance market?
- (a) PPP
 - (b) NHS
 - (c) AXAM
 - (d) HMO
18. PMI insurers negotiate voluntary annual pricing agreements with hospitals for each _____
- (a) sick person
 - (b) insurance bought
 - (c) bed category
 - (d) location of treatment
19. PMI Insurers may give incentives to patients
- (a) not to come to hospital when sick
 - (b) to use day care surgery
 - (c) to use experience overnight stays
 - (d) not to buy others forms of insurance
20. PMI Insurers have employed medical professionals to develop clinical guidelines sometimes known as
- (a) branding
 - (b) managed care
 - (c) pension
 - (d) protocols
21. _____ is a generic term that lacks a precise definition.
- (a) Branding
 - (b) Managed care
 - (c) Pension
 - (d) Protocols
22. _____ came into force because it was considered to be the best way of dealing with the unfair treatment experienced by disabled persons.
- (a) Access to Medical Reports Act 1988
 - (b) Access to Health Records Act 1990

- (c) Financial Services Authority Act 2000
(d) Disability Discrimination Act 1995
23. Health cash plan claims generally take
- (a) two forms
(b) three forms
(c) four forms
(d) six forms
24. Which of these is not a form of Health Cash Plan?
- (a) Small value high frequency claims
(b) High value high frequency claims
(c) Claims where treatment is carried out by a known provider
(d) Third party claims
25. Why do health cash plan insurers often use automatic claims paying system for most of their claims? They do so because ...
- (a) they are mainly third party claims
(b) most claims are high valued high frequency
(c) most claims are high valued low frequency
(d) most claims are low valued high frequency
26. Which of these will require the submission of the original receipt from the dentist?
- (a) Health Cash Plan
(b) Dental insurance
(c) Capitation plan
(d) Managed care
27. In healthcare insurance, many insurers refer to the policyholder as
- (a) risk
(b) hazard
(c) member
(d) cover
28. Generally, pre-existing medical conditions are excluded from benefit payment
- (a) Yes
(b) No
(c) Each request is always assessed on a case by case basis
(d) Maybe. May be Not.
29. What is covered in life assurance is
- (a) Mortality risk
(b) Morbidity risk
(c) Speculative risk
(d) All risks
30. What is covered under health assurance is
- (a) Mortality risk
(b) Morbidity risk

- (c) Speculative risk
(d) All risk
31. In the UK, health insurance is classified as
- (a) Life insurance
(b) General insurance
(c) Composite insurance
(d) Pension and immunity
32. In the Nigerian market, health insurance is classified as
- (a) Life insurance
(b) General insurance
(c) Composite insurance
(d) Pension and immunity
33. _____ is the term for the statistics that are used to estimate the probable life expectancy.
- (a) Morbidity
(b) Risk
(c) Mortality
(d) Hazard
34. _____ is the term of the statistics used to estimate the probability of the occurrence of certain medical conditions.
- (a) Morbidity
(b) Risk
(c) Mortality
(d) Hazard
35. To keep premiums at affordable level, the insurer must limit the risk by ensuring that
- (a) the proposer does not fall sick early
(b) they select the proposer(s) that are to be covered
(c) the terms, conditions, benefits and prices are not attractive
(d) applications for cover are assessed to determine the potential risk
36. In the individual and small/medium group sector of the market, underwriting is used to ensure that the terms and conditions of membership are set at a level which does not accurately reflect the degree of risk posed.
- (a) True
(b) Not true
(c) Near true
(d) None of the above
37. Which of these is not a general exclusion to all types of healthcare insurance policy?
- (a) Pre-existing conditions
(b) Chronic conditions
(c) Out-patient treatment
(d) Self-inflicted injuries
38. Which of these are not part of the different style and approach to

underwriting new healthcare insurance business?

- (a) Exclusion of all pre-existing medical conditions
- (b) Exclusion of all out-patient forms of treatment
- (c) Full medical underwriting
- (d) Moratorium underwriting

39. Which of these is a general basic exclusion in most medical insurance policies, unless it is waived by the underwriter?

- (a) Exclusion of all pre-existing medical condition
- (b) Exclusion of all out-patient forms of treatment
- (c) Full medical underwriting
- (d) Moratorium underwriting

40. In which of the form of underwriting will the underwriter need, from each applicant covered by the policy, their premium medical history and current state of health?

- (a) Exclusion of all pre-existing medical conditions

- (b) Exclusion of all out-patient forms of treatment
- (c) Full medical underwriting
- (d) Moratorium underwriting

41. _____ is where any medical condition that occurred prior to the policy start date are initially excluded from benefit.

- (a) Exclusion of all pre-existing medical conditions
- (b) Exclusive of all out-patient forms of treatment
- (c) Full medical underwriting
- (d) Moratorium underwriting

42. From the information received in full medical underwriting, the underwriter can decide whether to

- (a) allow cover on standard terms and with no exclusions applied
- (b) exclude cover for specified medical conditions, and any associated medical conditions
- (c) offer standard terms but charge a higher premium
- (d) All of the above

43. In which form of underwriting will the insurers suspend their right to seek medical information immediately but retain their right to do in the event of a claim?
- Exclusion of all pre-existing medical conditions
 - Exclusion of all out-patient forms of treatment
 - Full medical underwriting
 - Moratorium underwriting
44. _____ of these applies to large group schemes, where pre-existing medical conditions are covered
- Medical history disregarded
 - Continued personal medical exclusions
 - Group or individual underwriting
 - Moratorium underwriting
45. In which of these schemes will the insured simply carry over any existing exclusion to a new policy and does not have any new one imposed by the owner
- Medical history disregarded
 - Continued personal medical exclusion
 - Group or individual underwriting
 - Moratorium underwriting
46. _____ gives individuals a right of access to reports, provided by medical practitioners for employment.
- Access to Medical Reports Act 1988
 - Access to Health Records Act 1990
 - Financial Services Authority Act 2000
 - Disability Discrimination Act 1995
47. _____ are usually subject to the strictest levels of underwriting in order to avoid anti-selection
- Group policies
 - Dual policies
 - Individual policies
 - Automated policies
48. In which of the exclusion schemes will the customer be requested to complete a medical history declaration that is usually incorporated within the application form?
- Medical history disregarded

- (b) Continued personal medical exclusion
- (c) Group or individual underwriting
- (d) Moratorium underwriting
49. The underwriter also has to bear in mind a number of general factors that may be relevant when arranging a customer's medical history which will not include ...
- (a) age
- (b) gender
- (c) personal income
- (d) the start date of any of them
50. Some of the changes in the medical insurance market that impacted on an insurers claims experiences do not include ...
- (a) the establishment of more insurance companies selling medical insurance
- (b) the milder range of medical techniques and procedures
- (c) an ageing population, leading to an increased need for care of the elderly
- (d) changing health risks, for examples, the discovery of AIDS and the return of tuberculosis
51. The process of averting risk in medical insurance is ...
- (a) billing
- (b) banding
- (c) rating
- (d) surveying
52. Currently, rating factors in medical insurance, are generally used in the way they are in life underwriting or income protection insurance
- (a) True
- (b) False
- (c) Near true
- (d) None of the above
53. In medical insurance, the premium generally will not take into account the ...
- (a) age
- (b) mental statue
- (c) postcode
- (d) income
54. Who bears the excess following a medical insurance claim?
- (a) The hospital
- (b) The insurer
- (c) The insured
- (d) The patient
55. A medical insurance policy has an excess of ₦10,000.00 and the hospital billed the patient the sum of ₦12,000.00. How much

- will the medically insured pay for the claim.
- (a) ₦2,000.00
 (b) ₦10,000.00
 (c) ₦12,000.00
 (d) ₦22,000.00
56. A medical insurance premium is determined by reference to ...
- (a) hospital charges
 (b) average length of stay
 (c) regulatory costs
 (d) All of the above
57. The loyalty scheme will not include ...
- (a) a loyalty bonus paid after the first year
 (b) profit sharing
 (c) member get member scheme
 (d) no blame discount
58. Which of there will give the insured a 5% discount after the first year?
- (a) A loyalty bonus paid after the first year
 (b) Profit sharing
 (c) Member get member scheme
 (d) No blame discount
59. In practice, which of these claims of healthcare insurance will claim for pre-existing conditions
- be paid if the condition was some years ago?
- (a) Health cash plan
 (b) Dental plans
 (c) Major medex
 (d) Sickness and accident insurance
60. Which of these will usually exclude all pre-existing conditions and may use a moratorium approach?
- (a) Health cash plan
 (b) Dental plans
 (c) Major medex
 (d) Sickness and accident insurance
61. _____ requires a full dental checkup at commencement, undertaken by the dentist.
- (a) Health cash plan
 (b) Capitation plans
 (c) Major medex
 (d) Sickness and accident insurance.
62. Which of these may pay for pre-existing conditions if the condition was some years ago?
- (a) Health cash plan
 (b) Capitation plan
 (c) Major medex
 (d) Sickness and accident insurance

63. Which of these claims of medical insurance is underwritten in the same way as a life insurance policy?

- (a) Payment protection insurance
- (b) Sickness and accident insurance
- (c) Long-term care insurance
- (d) Personal accident insurance

64. _____ is an alternative to PMI.

- (a) Major medical expenses insurance
- (b) Sickness and accident insurance
- (c) Payment protection insurance
- (d) Personal accident insurance

65. _____ is sickness and accident insurers with unemployment cover added.

- (a) Major medical experience insurance
- (b) Sickness and accident insurance
- (c) Payment protection insurance
- (d) Long-term care insurance

66. Which of these is its market in the UK still very much in the early stages of development.

- (a) Major medical experience insurance
- (b) Sickness and accident insurance
- (c) Payment protection insurance
- (d) Long-term care insurance

67. _____ is one of the most common forms of insurance and is often an 'add on' to another policy.

- (a) Major medical experience insurance
- (b) Sickness and accident insurance
- (c) Payment protection insurance
- (d) Long-term care insurance

68. Accident insurance has a schedule of benefits which does not include a lump sum payable on ...

- (a) accidental death
- (b) permanent and total disability
- (c) loss of the use of limb
- (d) loss of employment

69. Which of these policy is also referred to as mortgage payment protection insurance?

- (a) Major medical experiences
- (b) Sickness and accident insurance

- (c) Payment protection insurance
(d) Long-term care insurance
70. Which of these will pay a maximum of 24 months benefit for disability?
- (a) Major medical experiences insurance
(b) Sickness and accident insurance
(c) Payment protection insurance
(d) Long-term care insurance
71. _____ provides a pre-selected monthly income to meet the cost of home care or running home fees, for those who are too old and disabled to look after themselves.
- (a) Major medical experiences
(b) Sickness and accident insurance
(c) Payment protection insurance
(d) Long-term care insurance
72. Which of these policies covers benefits commencing usually when the member is no longer able to perform a set number of activities of daily living (ADL) without the help of another person or equipment?
- (a) Major medical experiences insurances
(b) Sickness and accident insurance
(c) Payment protection insurance
(d) Long-term care insurance
73. Which of these is not an ADL?
- (a) Sleeping
(b) Feeding
(c) Toileting
(d) Transferring
74. The FSA has four key objectives, which does not include ...
- (a) maintaining market confidence in the UK financial system.
(b) promoting public arrangement and understanding of the financial system
(c) not securing an appropriate degree of protection for consumers
(d) contributing to the reduction of financial crime
75. Which of these policies is also known as long-term disability (LTD)?
- (a) Long-term care insurance
(b) Immediate need policy
(c) Income protection insurance

- (d) Critical illness insurance
76. Another name for the Permanent Health Insurance (PHI) is?
- (a) Long-term care insurance
 (b) Immediate need policy
 (c) Income protection insurance
 (d) Critical illness insurance
77. _____ provides customers with a replacement monthly income if they are unable to work as a result of sickness or accident.
- (a) Long-term care insurance
 (b) Immediate need policy
 (c) Income protection
 (d) Critical illness insurance
78. _____ pays out a predetermined lump sum on the occurrence of the diagnosis of one of a specified range of illness, set at outset.
- (a) Long-term care insurance
 (b) Immediate need policy
 (c) Income protection
 (d) Critical illness insurance
79. _____ is a voluntary body that was established by the UK insurance industry to meet concerns about selling.
- (a) The European Insurance Medication Directive
 (b) General Insurance Standard Council
 (c) Financial Services and Market Board
 (d) Life Insurance Standards Council
80. For the critical illness insurance to pay, a member must survive the disease for a period of
- (a) 1-14 days
 (b) 14-30 days
 (c) 60-90 days
 (d) 90-120 days
81. The reason why soft benefits are growing in popularity is
- (a) twofold
 (b) threefold
 (c) fourfold
 (d) fivefold
82. A number of insurers offer company additional benefits for their employee which include an employees assistance programme - offering employees on a range of issues.
- (a) True
 (b) Not true
 (c) Near true
 (d) None of the above
83. _____ gives access to a person who can give information help or advice.
- (a) A parried helpline

- (b) A soft helpline
(c) A hard helpline
(d) An active helpline
84. Private medical insurance does not usually cover the cost of preventive medicine or health check-ups which are usually known as ...
- (a) health test
(b) health check-ups
(c) health screening
(d) none of the above
85. Which of these will influence the right choice of policy?
- (a) The individual's own properties
(b) The greatest risk to their livelihood
(c) Their health
(d) All of the above
86. The choice of the right policy will depend on ...
- (a) the government
(b) whatever one else is buying
(c) what level of benefits one wants?
(d) all of the above
87. Medical insurance can enable people not to ...
- (a) have to wait for treatment
(b) receive medical treatment for themselves
(c) avoid finding themselves in a mix sex ward
(d) have the choice of a specialist consultant
88. The medical insurance policy will not be cancelled if ...
- (a) the policyholder became sick
(b) the policyholder fails to pay the premium
(c) the policyholder dies
(d) the policyholder moves abroad
89. Insurers commonly band the hospital accommodation to which their customers may have access according to ...
- (a) location of the hospital
(b) the type of people that use it
(c) the treatment provided
(d) all of the above
90. Personal PMI products are roughly divided into how many categories?
- (a) Two
(b) Four
(c) Six
(d) Eight
91. Hospital charges will not apply to ...
- (a) surgical drugs and dressings

- (b) prosthesis
(c) day care treatment
(d) none of the above
92. Which of these is the most complex of the listed types of surgeries?
- (a) Major plus
(b) Major
(c) Intermediate
(d) minor
93. All these are out-patient treatments except ...
- (a) pathology
(b) radiology
(c) physiotherapy
(d) major surgery
94. Blood and urine test is referred to as ...
- (a) pathology
(b) radiology
(c) physiotherapy
(d) major surgery
95. Which of these involves the use of x-rays and body scan?
- (a) Pathology
(b) Radiology
(c) Physiotherapy
(d) Major surgery
96. _____ provides similar cover to comprehensive policies with the exemption of certain benefits, such as cash benefit.
- (a) Budget policies
(b) Standard policies
(c) Six or twelve - week policies
(d) Limited policies
97. _____ have become increasingly popular in recent years. Their attraction is that they allow individual to buy some protection against the cost of private treatment whilst keeping premiums to a minimum.
- (a) Budget policies
(b) Standard policies
(c) Six or twelve - week policies
(d) Limited benefit policies
98. Under which of these policies will the receipt of benefits for private treatment be restricted to cases where the national or local NHS waiting list for the same treatment is six or more weeks?
- (a) Budget policies
(b) Standard policies
(c) Six or twelve - week policies
(d) Limited policies
99. _____ concentrates on providing cover for the more important or expensive type of treatment.
- (a) Budget policies

- (b) Standard policies
- (c) Six or twelve - week policies
- (d) Limited policies

100. The amount which the policyholder will have to bear

from each of the cost hospital treatment is ...

- (a) underwriting
- (b) rating
- (c) excess
- (d) billing

CF7 - HEALTHCARE INSURANCE PRODUCTS									
1	A	21	B	41	D	61	A	81	B
2	C	22	D	42	D	62	A	82	A
3	C	23	C	43	D	63	C	83	D
4	C	24	B	44	A	64	A	84	C
5	D	25	D	45	B	65	C	85	D
6	C	26	B	46	A	66	D	86	C
7	C	27	C	47	C	67	B	87	A
8	C	28	A	48	D	68	D	88	A
9	B	29	A	49	C	69	C	89	C
10	D	30	B	50	A	70	B	90	B
11	C	31	B	51	C	71	D	91	D
12	D	32	A	52	B	72	D	92	A
13	A	33	C	53	D	73	A	93	D
14	C	34	A	54	C	74	C	94	A
15	C	35	D	55	A	75	C	95	B
16	C	36	B	56	D	76	C	96	A
17	D	37	C	57	D	77	D	97	A
18	C	38	B	58	A	78	D	98	C
19	B	39	A	59	A	79	B	99	D
20	D	40	C	60	C	80	B	100	C

Chief Examiner's Summarised Statistics

Pass Rate: 50%

Highest Score: 90%

Lowest Score: 45%

Average Score: 68.75%

Breakdown Updates

Those candidates who read well understood the topics. The errors committed by candidates in answering each question is that they failed to read and understand the question before picking the answers from the options provided. Secondly, they failed to be thorough in their studies and in understanding the topics well.

Only 50% of the candidates passed the examination, while about 25% of the candidates failed marginally with less than 10 marks. About 6% of the candidates were of very dismal performance.

Chief Examiner's Comment on Overall Performance

Though the number of candidates increased in this diet, the level of performance of candidates seems to be the same.

Chief Examiner's Suggestions on Improvement:

Candidates are expected to familiarise with the practice of health insurance.